

Jennifer Wood
Mayor

J. Carlos Gomez
Mayor Pro Tem

Chuck McGuire
Councilmember

Donald Parris
Councilmember

Eugene Stump
Councilmember



AGENDA

CITY OF CALIFORNIA CITY CITY COUNCIL

Tuesday April 24, 2018

Closed Session 5:00 p.m.

Regular Meeting 6:00 p.m.

**Council Chambers
21000 Hacienda Blvd.
California City, Ca 93505**

If you need special assistance to participate in this meeting, please contact the City Clerk's office at (760) 373-7140. Notification of 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 American Disabilities Act Title II)

NOTE: Any writings or documents provided to a majority of the City Council regarding any item on this agenda is available for public inspection in the City Clerk's office at City Hall located at 21000 Hacienda Blvd, California City, Ca during normal business hours, except such documents that relate to closed session items or which are otherwise exempt from disclosure under applicable laws. These writings are also available for review in the public access binder in the Council Chambers at the time of the meeting

LATE COMMUNICATIONS: Following the posting of the agenda any emails, writings or documents that the public would like to submit to the council must be received by the City Clerk no later than 3pm the Monday prior to the meeting. Past that deadline citizens may bring these items directly to the meeting. Please bring 10 copies for distribution to council, staff and the public.

April 24, 2018

*****At this time, please take a moment to turn off your cell phones*****

5:00 p.m. CLOSED SESSION

CALL TO ORDER

ROLL CALL

Councilmembers McGuire, Parris, Stump, Mayor Pro Tem Gomez, Mayor Wood

ADOPT AGENDA

PUBLIC COMMENTS

Members of the public are welcome to address the City Council only on those items on the Closed Session agenda. Each member of the public will be given three minutes to speak.

CLOSED SESSION

CS 1. Pursuant to Cal. Gov't Code §54957; Public Employment: City Manager Evaluation

CS 2. Pursuant to Cal. Gov't Code §54956.9(d)(1): Existing Litigation; City of California
City v. Bob Dacey Golf, Kern County Superior Court No. BCV-17-100250.

REPORT OUT OF CLOSED SESSION

6:00 P.M. REGULAR MEETING

CALL TO ORDER

PLEDGE OF ALLEGIANCE / INVOCATION

ROLL CALL

Councilmembers McGuire, Parris, Stump, Mayor Pro Tem Gomez, Mayor Wood

CITY CLERK REPORTS / LATE COMMUNICATIONS

PRESENTATIONS

City Treasurer Middleton – March 2018 Report of Investment

STAFF ANNOUNCEMENTS / REPORTS

Police Chief Hurtado – Department Update

Fire Chief Goodell – Department Update

Public Works Director Platt – Department Update

Budget Analyst Foster – Department Update

Parks & Recreation Manager Daverin – Parks and Recreation Update

AB 1234 – Council Updates

CIVIC / COMMUNITY / ORGANIZATIONS ANNOUNCEMENTS

PUBLIC BUSINESS FROM THE FLOOR This portion of the meeting is reserved for persons desiring to address the City Council on any matter not on this agenda, and over

April 24, 2018

which the City Council has jurisdiction. Please state your name for the record and limit your comments to three minutes.

CONSENT CALENDAR All items on the consent calendar are considered routine and non-controversial and will be approved by one motion if no member of the Council, staff or public wishes to comment or ask questions. (Public comments to be limited to three minutes) Roll call vote required.

CC 1. Approve City Check Registers dated through 04/19/18

CC 2. Adopt **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY TO INCORPORATE A LIST OF PROJECTS, IN THE 2018/2019 BUDGET, FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT**

CC 3. Monthly Staffing Document – Period Ending April 2018

CC 4. Adopt **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY INITIATING PROCEEDINGS FOR THE ESTABLISHMENT OF THE WATER STANDBY CHARGE FOR FISCAL YEAR 2018-19"**

CC 5. FY 16/17 Transportation Development Act (TDA) Audit

CC 6. Adopt **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY APPROVING PROGRAM SUPPLEMENT AGREEMENT NO. 0Q75 Rev. 000 TO ADMINISTERING AGENCY-STATE AGREEMENT FOR STATE FUNDED PROJECTS NO. 00390S, FOR THE SYSTEMIC SAFETY ANALYSIS REPORT PROGRAM – SSARPL – 5399 (027) AND AUTHORIZING THE CITY MANAGER AND/OR PUBLIC WORKS DIRECTOR TO SIGN AND EXECUTE THE AGREEMENT"**

PUBLIC HEARING

PH 1. TDA Unmet Transit Needs FY 18/19 - Public Works Director Platt

PUBLIC HEARING PROCEDURE

- A. Mayor read the item
- B. Mayor reopen the Public Hearing open
- C. Hear staff report
- D. Council questions only
- E. Ask city clerk to report on any communication(s)
- F. Mayor call for public testimony
- G. Close Public Hearing by motion
- H. Council discussion
- I. Council motion and vote

Recommendation

Council discuss, take public comments, and adopt **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY DETERMINING THAT CALIFORNIA CITY HAS NO UNMET TRANSIT NEEDS THAT CANNOT REASONABLY BE MET BY THE EXISTING SYSTEM"**

April 24, 2018

PH 2. Medical Cannabis Permit Awards (Round 4) – City Manager Stockwell

PUBLIC HEARING PROCEDURE

- A. Mayor read the item
- B. Mayor reopen the Public Hearing open
- C. Hear staff report
- D. Council questions only
- E. Ask city clerk to report on any communication(s)
- F. Mayor call for public testimony
- G. Close Public Hearing by motion
- H. Council discussion
- I. Council motion and vote

Recommendation

Council discuss, take public comment and authorize the issuance of Medical Cannabis Business permits as presented. (All permits to be conditional upon completion of the Live Scan process)

NEW BUSINESS

NB 1. Amendment #3 to Power Purchase Agreement with GES Megaseven, LLC (as successor in interest to American Solar LLC) – City Manager Stockwell

Recommendation

Council discuss and authorize the City Manager to enter into:

- 1. The Third Amendment to Power Purchase Agreement between GES Megaseven, LLC in a form substantially similar to that shown in Exhibit D to this staff report; and
- 2. The First Amendment to the Real Property Rental Agreement among GES Megaseven, LLC, Jerry and Dolores Stefek Family Trust and the city in a form substantially similar to that shown in Exhibit G to this staff report.

NB 2. Extension of Existing Lease for Wireless Telecommunication Facility at 21130 Hacienda Blvd. – City Manager Stockwell

Recommendation

Council discuss and authorize the City Manager to approve an agreement with Fresno MSA Limited Partnership d/b/a Verizon Wireless in a form substantially similar to that in Exhibit A presented. The agreement would extend the existing lease term for an additional 30 years and require Verizon to make one payment of \$315,000 in lieu of future payments of rent.

NB 3. Addressing the Impact of Loss of Parcel Tax – City Manager Stockwell

Recommendation

Council discuss and:

April 24, 2018

1. Authorize the City Manager to begin the process of formally notifying all affected employees of the elimination of their position to allow them as much time as possible to obtain other employment before June 30, 2018.
2. Direct the City Attorney to draft the required amendments to current ordinances to eliminate the restriction of Medical Marijuana and to authorize the issuance of four retails cannabis operations.

COUNCIL AGENDA

This portion of the meeting is reserved for council members to present information, announcements, and items that have come to their attention. The Brown Act precludes Council, staff or public discussion. Short staff responses are appropriate. The Council will take no formal action. A Council member may request the City Clerk to calendar an item for consideration at a future meeting or refer an item to staff.

Councilmember Parris
Councilmember Stump
Councilmember McGuire
Mayor Pro Tem Gomez
Mayor Wood

ADJOURNMENT

AFFIDAVIT OF POSTING: This agenda was posted on all official City bulletin boards, the City's website and agenda packets were completely accessible to the public at City Hall at least 72 hours prior to the Council Meeting.

Denise Hilliker, City Clerk

California City, California 93505
TREASURER'S MONTHLY REPORT OF INVESTMENT
March 2018

The general investment portfolio consists of funds for operations, capital improvement projects (CPI), water rate stabilization, administration replacements and reserves.

General Investment Accounts	Balance on 2/28/2018	Net Transactions	Balance on 3/31/2018	Percent of Total
Local Agency Investment Fund (122)	\$ 8,266,866	\$ (1,000,000)	\$ 7,266,866	59.54%
Kern County Investment Fund (20202)	\$ 4,099,513	\$ 3,324	\$ 4,102,837	33.61%
Sub-Total Investment Accounts	\$ 12,366,378	\$ (996,676)	\$ 11,369,703	
General Operating Accounts	2/28/2018	Net Transactions	3/31/2018	
Bank of the Sierra -- General Checking	\$ 880,947	\$ (46,301)	\$ 834,646	6.84%
Petty Cash - Total All Departments	\$ 450	\$ -	\$ 450	0.00%
Imprest (cash drawers) - Total All Departments	\$ 875	\$ -	\$ 875	0.01%
Sub-Total Operating Accounts	\$ 882,272	\$ (46,301)	\$ 835,971	
Total City Operating Funds	\$ 13,248,650	\$ (1,042,977)	\$ 12,205,673	100.00%

Restricted Housing Corporation Accounts				
Checking & CD Accounts	2/28/2018	Net Transactions	3/31/2018	
Housing Corp. -- Bank of the Sierra, Checking	\$ 739,067	\$ 14,587	\$ 753,654	76.62%
Housing Corp. -- Bank of the Sierra, CD 0350	\$ 71,496	\$ 3	\$ 71,499	7.27%
Housing Corp. -- Bank of the Sierra, CD 7653	\$ 30,731	\$ 1	\$ 30,732	3.12%
Housing Corp. -- Bank of the Sierra, CD 7654	\$ 20,867	\$ 1	\$ 20,868	2.12%
Housing Corp. -- Bank of the Sierra, CD 7655	\$ 45,221	\$ 2	\$ 45,223	4.60%
Housing Corp. -- Bank of the Sierra, CD 9374	\$ 61,667	\$ 7	\$ 61,674	6.27%
Total Housing Corporation Funds	\$ 969,049	\$ 14,600	\$ 983,649	100.00%

Restricted Successor Agency Accounts				
Checking Account	2/28/2018	Net Transactions	3/31/2018	
Successor Agency -- Bank of the Sierra, Checking	\$ 813,224	\$ (49,496)	\$ 763,728	100.00%
Total Successor Agency Funds	\$ 813,224	\$ (49,496)	\$ 763,728	100.00%

Restricted SDI Agency Accounts				
Checking & CD Accounts	2/28/2018	Net Transactions	3/31/2018	
(SDI) -- Bank of the Sierra, Checking	\$ 10,975	\$ -	\$ 10,975	0.01%
(SDI) CD with Bank of the Sierra	\$ 811,646	\$ 726	\$ 812,373	0.95%
Sub-Total SDI Checking & CD Accounts	\$ 10,975	\$ 726	\$ 823,348	
Investment Account (Updated Monthly)	2/28/2018	Net Transactions	3/31/2018	
(SDI) US Bank Investments	\$ 85,290,616	\$ (223,761)	\$ 85,066,855	99.04%
Sub-Total US Bank Investment Account	\$ 85,290,616	\$ (223,761)	\$ 85,066,855	
Total SDI Agency Funds	\$ 85,301,591	\$ 588,612	\$ 85,890,203	100.00%

California City, California 93505
TREASURER'S MONTHLY REPORT OF INVESTMENT

March 2018

INVESTMENT POLICY

The Treasurer shall invest the City's monies as permitted in the City's approved investment policy. The Treasurer shall consider current and projected cash needs in making such investments.

* Contact City Treasurer for US Bank investment breakdown.

US Bank		
Market Value Summary - CUSTODIAN ACCOUNT	2/28/2018	3/31/2018
Beginning Market Value	84,139,303	84,060,652
Ending Market Value	84,060,652	84,204,742
Investment Results	(78,650)	144,090
Market Value Summary - REDEVELOPEMENT AGENCY PROJ AREA TAX	2/28/2018	3/31/2018
Beginning Market Value	0	0
Ending Market Value	-	16
Investment Results	-	16
Market Value Summary - SUCCESSOR AGENCY Proj Area TAX INTEREST	2/28/2018	3/31/2018
Beginning Market Value	3	177,881
Ending Market Value	177,881	7
Investment Results	177,878	(177,874)
Market Value Summary - SUCCESSOR AGENCY Proj Area TAX PRINCIPAL	2/28/2018	3/31/2018
Beginning Market Value	3	190,000
Ending Market Value	190,000	7
Investment Results	189,997	(189,993)
Market Value Summary - SUCCESSOR AGENCY Proj Area TAX RESERVE	2/28/2018	3/31/2018
Beginning Market Value	862,082	862,082
Ending Market Value	862,082	862,082
Investment Results	-	-
Total "US Bank" Investment Assets	85,290,616	85,066,855

Report Criteria:

Report type: Invoice detail

Bank Bank Number = 148

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	8011	Classic Lock & Keys	Rekey Apt Complex & Com	18082	2,215.25	2,215.25
Total 8011:							2,215.25
04/18	04/18/2018	8012	Franchise Tax Board	SOS Cert Penalty	0006630180330	50.00	50.00
Total 8012:							50.00
04/18	04/18/2018	8013	Reliable Air Condit. & Heating	Unit 90 Furnace Work	18252	70.00	70.00
04/18	04/18/2018	8013	Reliable Air Condit. & Heating	Unit 67 Furnace Work	18257	150.00	150.00
Total 8013:							220.00
04/18	04/18/2018	8014	SoCalGas	Housing natural gas	034 313 9600 5 041	79.49	79.49
Total 8014:							79.49
Grand Totals:							2,564.74

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 4/19/18Finance Department Cynthia Bus

Report Criteria:

Report type: Invoice detail

Bank: Bank Number = 1

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	102465	AT&T Wireless	Code Cellular Data and Pho	287281248059X040	1,863.69	1,863.69
Total 102465:							1,863.69
04/18	04/18/2018	102466	Frontier	High Speed Internet PD	022502-5 040118	171.98	171.98
04/18	04/18/2018	102466	Frontier	DAR Telephone service	081503-5 031918	2,757.48	2,757.48
Total 102466:							2,929.46
04/18	04/18/2018	102467	SoCalGas	Pool Construction Gas	047 144 4368 8 031	166.77	166.77
Total 102467:							166.77
04/18	04/18/2018	102468	Southern California Edison Co	City Electricity	2-01-388-5074 03/	629.06	629.06
04/18	04/18/2018	102468	Southern California Edison Co	City Electricity	2-01-388-5074 040	50,662.96	50,662.96
04/18	04/18/2018	102468	Southern California Edison Co	Aspen Mall Lighting	2-29-857-0987 04/	155.80	155.80
04/18	04/18/2018	102468	Southern California Edison Co	Pool House Electricity	2-33-161-4651 04/	851.83	851.83
Total 102468:							52,299.65
04/18	04/18/2018	102469	US Bank Corporate Payment	CalCPA Conference William	BUSCARD 9269 032	325.00	325.00
04/18	04/18/2018	102469	US Bank Corporate Payment	Dinner Meet with Fire Chief	CM 9301 032618	162.21	162.21
04/18	04/18/2018	102469	US Bank Corporate Payment	Lodging Educode 2018 Kos	FIRE 0753 032618	965.71	965.71
04/18	04/18/2018	102469	US Bank Corporate Payment	Door Hooks	FIRE 0779 032618	68.54	68.54
04/18	04/18/2018	102469	US Bank Corporate Payment	Online Pool Operator Prime	PARKS 2173 032618	2,826.34	2,826.34
04/18	04/18/2018	102469	US Bank Corporate Payment	Lodging Kelakios Desert Sn	PD 0738 032618	2,521.58	2,521.58
04/18	04/18/2018	102469	US Bank Corporate Payment	Food for Department Open	PD 0746 032618	1,410.92	1,410.92
04/18	04/18/2018	102469	US Bank Corporate Payment	Water Bottle Replacement	PW 9128 032618	446.23	446.23
04/18	04/18/2018	102469	US Bank Corporate Payment	Hip Boots-Water	PW 9136 032618	1,467.24	1,467.24
Total 102469:							10,193.77
04/18	04/18/2018	102470	Verizon	PW Cell Phone Service	9804322045	1,675.48	1,675.48
Total 102470:							1,675.48
04/18	04/18/2018	102471	Wells Fargo Financial Leasing	Color Copies	5004703145	343.12	343.12
Total 102471:							343.12
04/18	04/18/2018	102472	661 Communications	Patrol Car Radio & Repeate	1279	255.00	255.00
Total 102472:							255.00
04/18	04/18/2018	102473	Alexander Enterprises, Inc	Monthly water billing	2514	2,752.15	2,752.15
Total 102473:							2,752.15
04/18	04/18/2018	102474	Alexander's Contract Services	Meter Readers	201804020081	5,389.86	5,389.86
Total 102474:							5,389.86
04/18	04/18/2018	102475	Alpha Power Systems, Inc	Service Truck W/Crane/Ho	1700370	472.78	472.78

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 102475:							472.78
04/18	04/18/2018	102476	AmeriPride	Uniform Maintenance	2100674169	182.46	182.46
04/18	04/18/2018	102476	AmeriPride	Uniform Maintenance	2100675652	185.46	185.46
Total 102476:							367.92
04/18	04/18/2018	102477	Arrow International	Medical Supplies	95498935	1,441.85	1,441.85
Total 102477:							1,441.85
04/18	04/18/2018	102478	B C Laboratories, Inc	water testing	B271789	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	water testing	B287426	13.00	13.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B295687	13.00	13.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B295971	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B295995	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296012	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296114	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296115	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296699	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296709	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296798	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296925	104.00	104.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296926	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B296927	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297365	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297387	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297524	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297540	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297541	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297572	78.00	78.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297690	915.00	915.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B297980	245.00	245.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298166	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298167	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298177	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298182	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298183	20.00	20.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298184	104.00	104.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298609	260.00	260.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298610	150.00	150.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298611	85.00	85.00
04/18	04/18/2018	102478	B C Laboratories, Inc	Water Testing	B298685	78.00	78.00
Total 102478:							2,465.00
04/18	04/18/2018	102479	Burton's Fire, Inc	Unit 523 Vehicle Maint	W77119	3,011.98	3,011.98
04/18	04/18/2018	102479	Burton's Fire, Inc	Unit 523 Vehicle Maint	W77139	519.75	519.75
Total 102479:							3,531.73
04/18	04/18/2018	102480	Cal City Pet Clinic	Voucher Program Mar 2018	39840	380.00	380.00
Total 102480:							380.00
04/18	04/18/2018	102481	Caselle, Inc	Annual Contract, Billed Mo	87186	2,087.00	2,087.00

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 102481:							2,087.00
04/18	04/18/2018	102482	City Hardware, Inc	PD Supplies	100397 033118	558.87	558.87
04/18	04/18/2018	102482	City Hardware, Inc	Parks Hardware Supplies	100398 033118	886.10	886.10
04/18	04/18/2018	102482	City Hardware, Inc	ACO supplies	100399 033118	438.55	438.55
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100402 033118	510.14	510.14
04/18	04/18/2018	102482	City Hardware, Inc	Evidence and Investigation	100403 033118	207.72	207.72
04/18	04/18/2018	102482	City Hardware, Inc	Fire Building Maint Supplie	100405 022818	466.95	466.95
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100406 033118	464.44	464.44
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100409 033118	862.06	862.06
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100410 033118	246.64	246.64
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100411 033118	296.85	296.85
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100412 033118	6.95	6.95
04/18	04/18/2018	102482	City Hardware, Inc	PW Hardware Supplies	100902 033118	1,866.88	1,866.88
Total 102482:							6,812.15
04/18	04/18/2018	102483	ComCate	Code Enforcement Softwar	6643	4,291.99	4,291.99
Total 102483:							4,291.99
04/18	04/18/2018	102484	Command Strategies Consulti	Employee Investigation	91	2,545.30	2,545.30
Total 102484:							2,545.30
04/18	04/18/2018	102485	Corcoran, Pat	March 2018 Mileage Reimb	MILEAGE MAR2018	130.69	130.69
Total 102485:							130.69
04/18	04/18/2018	102486	CoreLogic Solutions	Metroscan Mapping Softwa	81883377	257.50	257.50
Total 102486:							257.50
04/18	04/18/2018	102487	D & D Disposal, Inc	Animal Disposal	232	600.00	600.00
Total 102487:							600.00
04/18	04/18/2018	102488	Daverin, Brenda	Reimbursement for Bouncy	TORTOISE BOUNCY	55.00	55.00
04/18	04/18/2018	102488	Daverin, Brenda	Tortoise Days Gate Cash for	TORTOISE DAYS GA	500.00	500.00
Total 102488:							555.00
04/18	04/18/2018	102489	Dennis Automotive	Unit 473 Maintenance	18358	464.00	464.00
Total 102489:							464.00
04/18	04/18/2018	102490	Department of Justice	Fingerprinting	295368	32.00	32.00
Total 102490:							32.00
04/18	04/18/2018	102491	Department of Transportation	quarterly signal and lightin	SL180807	68.94	68.94
Total 102491:							68.94
04/18	04/18/2018	102492	Christian Bettenhausen	Deposit Refund	105176.04	35.67	35.67
Total 102492:							35.67

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	102493	Josh Meister/Clearview Real E	Deposit Refund	102431.04	46.70	46.70
Total 102493:							46.70
04/18	04/18/2018	102494	Shavada Dove & James Willia	Deposit Refund	100608.05	39.79	39.79
Total 102494:							39.79
04/18	04/18/2018	102495	JBL & Assoc-Fred Whitney	Deposit Refund	105247.05	35.67	35.67
Total 102495:							35.67
04/18	04/18/2018	102496	Johann & Kimberly Ramirez	Deposit Refund	106649.10	35.67	35.67
Total 102496:							35.67
04/18	04/18/2018	102497	DigiTech Inc.	Quarterly monitoring Par 3	8391	137.97	137.97
04/18	04/18/2018	102497	DigiTech Inc.	Security Service Balsitis Par	8402	35.99	35.99
04/18	04/18/2018	102497	DigiTech Inc.	Security Service Scout Islan	8459	45.99	45.99
Total 102497:							219.95
04/18	04/18/2018	102498	Doravari, Anu	AEP State Conference Reim	TRAVEL 032618	102.41	102.41
Total 102498:							102.41
04/18	04/18/2018	102499	Expert Automotive	2006 Expedition Maintena	45603	381.06	381.06
04/18	04/18/2018	102499	Expert Automotive	Unit 311 Service	45697	322.85	322.85
Total 102499:							703.91
04/18	04/18/2018	102500	Fed Ex	Priority Mailings	6-142-46339	106.50	106.50
04/18	04/18/2018	102500	Fed Ex	Priority Mailings	6-149-14379	127.96	127.96
Total 102500:							234.46
04/18	04/18/2018	102501	Ferguson Waterworks	79th Street Project Material	0629439	4,295.22	4,295.22
04/18	04/18/2018	102501	Ferguson Waterworks	79th Street Project Material	0629440	274.14	274.14
Total 102501:							4,569.36
04/18	04/18/2018	102502	Firemaster	Senior Center Inspection	644206	266.81	266.81
Total 102502:							266.81
04/18	04/18/2018	102503	California Dept of Tax & Fee A	1Q18 Sales and Use Tax	1Q18 022-678322	2,700.00	2,700.00
Total 102503:							2,700.00
04/18	04/18/2018	102504	General Office Prod Ctr	Meter read charge and mai	12838	220.43	220.43
Total 102504:							220.43
04/18	04/18/2018	102505	Gsolutionz Inc	Monthly Support	174627	788.00	788.00
Total 102505:							788.00
04/18	04/18/2018	102506	HDWBC - High Desert Wireles	Weekly Technical IT Service	40695	4,060.00	4,060.00

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 102506:							4,060.00
04/18	04/18/2018	102507	Helt Engineering, Inc	Balsitis Park ADA Restroom	18-040	1,342.50	1,342.50
04/18	04/18/2018	102507	Helt Engineering, Inc	Local Agency Mgmt Prog 15	18-069	970.00	970.00
04/18	04/18/2018	102507	Helt Engineering, Inc	Eastside Taxiway 16413	18-070	8,837.50	8,837.50
04/18	04/18/2018	102507	Helt Engineering, Inc	Balsitis Park ADA Restroom	18-071	695.00	695.00
04/18	04/18/2018	102507	Helt Engineering, Inc	IRWM Plan 2018 18404	18-072	4,310.00	4,310.00
Total 102507:							16,155.00
04/18	04/18/2018	102508	Highway Glass Co	Scout Island Window Repai	130	284.06	284.06
Total 102508:							284.06
04/18	04/18/2018	102509	Hiro's Tranmission	2003 Kia Transmission Rep	1042770	1,804.11	1,804.11
Total 102509:							1,804.11
04/18	04/18/2018	102510	Holloway Environmental	Biosolids Removal	221	987.11	987.11
Total 102510:							987.11
04/18	04/18/2018	102511	Interon LLC	City Camera Work, Labor a	3089	1,482.63	1,482.63
Total 102511:							1,482.63
04/18	04/18/2018	102512	John Deere Financial	Final Lease Payment Excav	1977919	93,877.33	93,877.33
Total 102512:							93,877.33
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Retainer	86508	38,594.05	38,594.05
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Amer Solar	86509	3,907.83	3,907.83
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Code End	86510	5,012.68	5,012.68
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Lit Dacey	86514	1,029.39	1,029.39
04/18	04/18/2018	102513	Jones & Mayer	Gen Litigation	86515	223.78	223.78
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Cannibis	86516	8,266.66	8,266.66
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees SDI	86519	1,168.09	1,168.09
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Successor	86520	4,621.59	4,621.59
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees TDS Golf	86712	148.66	148.66
04/18	04/18/2018	102513	Jones & Mayer	Atty Fees Lit Dacey	86713	3,495.00	3,495.00
Total 102513:							66,467.73
04/18	04/18/2018	102514	Jones Chemicals Corp Inc	Chlorine Cylinders	753143	5,402.19	5,402.19
04/18	04/18/2018	102514	Jones Chemicals Corp Inc	Deposit Refund	753169	3,000.00-	3,000.00-
Total 102514:							2,402.19
04/18	04/18/2018	102515	Kern County	Cross Connections	IN0410547	1,174.15	1,174.15
Total 102515:							1,174.15
04/18	04/18/2018	102516	Legend Pump & Well Serv	#10 Well Breaker	54674	490.93	490.93
Total 102516:							490.93
04/18	04/18/2018	102517	Main Electric Supply Co.	Fire Electrical Grounding E	7532004	33.36	33.36
04/18	04/18/2018	102517	Main Electric Supply Co.	Fire Electrical Grounding E	7532005	240.30	240.30

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 102517:							273.66
04/18	04/18/2018	102518	Merchant's Printing & Envelop	Business Cards	8881043	52.55	52.55
04/18	04/18/2018	102518	Merchant's Printing & Envelop	Business Cards	8881055	52.55	52.55
04/18	04/18/2018	102518	Merchant's Printing & Envelop	2019 RV Dump Pass	8881066	194.66	194.66
04/18	04/18/2018	102518	Merchant's Printing & Envelop	Leave and Overtime Reques	8881085	616.02	616.02
Total 102518:							915.78
04/18	04/18/2018	102519	Middleton, Keith	Mileage Reimbursement M	MILEAGE MAR2018	31.39	31.39
Total 102519:							31.39
04/18	04/18/2018	102520	Mission Uniform Service	Laundry Service PD	507136154	58.00	58.00
Total 102520:							58.00
04/18	04/18/2018	102521	Mojave Desert News	Easter Ads 2018	50469	104.00	104.00
04/18	04/18/2018	102521	Mojave Desert News	Easter Ads 2018	50470	100.00	100.00
Total 102521:							204.00
04/18	04/18/2018	102522	MuniTemps	Planning Dept Staffing	128165	4,851.00	4,851.00
Total 102522:							4,851.00
04/18	04/18/2018	102523	Office Depot	PD Office Supplies	122439517001	366.27	366.27
Total 102523:							366.27
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	657725	407.55	407.55
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659814	34.28	34.28
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659815	28.89	28.89
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659816	170.25	170.25
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659825	20.38	20.38
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659828	396.58	396.58
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659837	80.45	80.45
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659908	23.04	23.04
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659912	145.65	145.65
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659930	20.90	20.90
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659966	134.63	134.63
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659973	121.40	121.40
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659981	25.19	25.19
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	659984	12.86	12.86
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660013	15.65	15.65
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660022	54.40	54.40
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660048	34.31	34.31
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660049	135.07	135.07
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660301	340.50	340.50
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660339	78.28	78.28
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660342	158.96	158.96
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660380	212.07	212.07
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660395	39.26	39.26
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660473	61.85	61.85
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660485	27.62	27.62
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660486	71.32	71.32
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660487	17.69	17.69
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660488	20.37	20.37

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660648	53.09-	53.09-
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660724	18.17	18.17
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660725	13.19	13.19
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660788	21.98	21.98
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660789	81.79	81.79
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660814	11.58-	11.58-
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660819	195.09	195.09
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660834	17.12	17.12
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660860	203.76	203.76
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660868	99.77	99.77
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660895	25.68	25.68
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660992	3.85	3.85
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	660997	158.96	158.96
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661002	21.98	21.98
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661008	8.56	8.56
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661018	19.58	19.58
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661019	195.09-	195.09-
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661035	53.20	53.20
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661046	183.77	183.77
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661050	393.31	393.31
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661104	5.06	5.06
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661108	313.55	313.55
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661109	70.97	70.97
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661113	1.93	1.93
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661115	40.21-	40.21-
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661123	90.24	90.24
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661143	25.72	25.72
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661162	216.11	216.11
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661189	61.12	61.12
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661206	74.18	74.18
04/18	04/18/2018	102524	Palmdale Auto Parts	PW Auto Parts	661255	117.03	117.03
Total 102524:							4,793.80
04/18	04/18/2018	102525	PBM Supply & Mfg., Inc	Damper Repair Kit	766432	129.05	129.05
Total 102525:							129.05
04/18	04/18/2018	102526	Petroleum Tank Testing, Inc	Monthly Inspections Jan-M	13802	450.00	450.00
Total 102526:							450.00
04/18	04/18/2018	102527	Praxair Distribution Inc	Monthly Rental	82025362	113.75	113.75
Total 102527:							113.75
04/18	04/18/2018	102528	R&B Company	Main Replacement 79th fro	S1714396.002	14,385.60	14,385.60
04/18	04/18/2018	102528	R&B Company	Main Replacement 79th fro	S1732190.001	511.58	511.58
Total 102528:							14,897.18
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25124.04	10,395.95	10,395.95
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25124.05	1,741.50	1,741.50
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25124.06	4,168.00	4,168.00
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25124.07	17,405.50	17,405.50
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25124.08	22,977.33	22,977.33
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25622.04	12,003.08	12,003.08
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25622.05	1,440.25	1,440.25
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25622-06	4,355.75	4,355.75

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25622-07	9,775.25	9,775.25
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25622-08	18,725.65	18,725.65
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25732.06	6,652.00	6,652.00
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25732.07	13,438.00	13,438.00
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25732.08	28,606.75	28,606.75
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25732-04	8,429.19	8,429.19
04/18	04/18/2018	102529	RMC Water & Environment	California City Fremont Bas	25732-05	122.00	122.00
Total 102529:							160,236.20
04/18	04/18/2018	102530	RSI Petroleum	Payment Adjustment	1069687	.03-	.03-
04/18	04/18/2018	102530	RSI Petroleum	Payment Adjustment	1069849	.09-	.09-
04/18	04/18/2018	102530	RSI Petroleum	CM Fuel	1070700	70.94	70.94
04/18	04/18/2018	102530	RSI Petroleum	OHV Law Enforcement Fuel	1070797	4,187.70	4,187.70
04/18	04/18/2018	102530	RSI Petroleum	Fire Fuel	1070818	1,154.72	1,154.72
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070819	257.39	257.39
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070821	134.29	134.29
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070822	466.95	466.95
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070835	2,847.04	2,847.04
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070852	1,051.30	1,051.30
04/18	04/18/2018	102530	RSI Petroleum	OHV Ground Ops Fuel	1070853	528.58	528.58
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070854	820.37	820.37
04/18	04/18/2018	102530	RSI Petroleum	CM Fuel	1070857	60.37	60.37
04/18	04/18/2018	102530	RSI Petroleum	Code Enf Fuel	1070858	104.57	104.57
04/18	04/18/2018	102530	RSI Petroleum	Parks Fuel	1070875	47.61	47.61
04/18	04/18/2018	102530	RSI Petroleum	Fuel ACO	1070878	71.49	71.49
04/18	04/18/2018	102530	RSI Petroleum	PW Fuel	1070879	44.26	44.26
Total 102530:							11,847.46
04/18	04/18/2018	102531	Sanders, Karen	OHV Office Supply Reimb	REIMB 041018	8.54	8.54
Total 102531:							8.54
04/18	04/18/2018	102532	Santander Leasing LLC	Fire Truck Lease Payment	2113974	60,445.32	60,445.32
Total 102532:							60,445.32
04/18	04/18/2018	102533	Senior Citizen Assn of Calif Cit	Jan-Mar18 Reimbursement	JAN-MAR2018	1,629.39	1,629.39
Total 102533:							1,629.39
04/18	04/18/2018	102534	Sequoia Equipment Company,	Equipment Repairs and Mai	7305	405.81	405.81
Total 102534:							405.81
04/18	04/18/2018	102535	Sim Sanitation	Toilet Cleaning Pool House	39070	20.00	20.00
Total 102535:							20.00
04/18	04/18/2018	102536	Solenis LLC	Sludge Centrifuge Polymer	131289567	641.36	641.36
Total 102536:							641.36
04/18	04/18/2018	102537	Thomson Reuters - West	Subscription CA Penal Code	837705005	74.54	74.54
Total 102537:							74.54
04/18	04/18/2018	102538	TurboData Systems	Citation Processing Service	27100	940.75	940.75

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
04/18	04/18/2018	102538	TurboData Systems	Citation Processing Service	27615	738.48	738.48
Total 102538:							1,679.23
04/18	04/18/2018	102539	UPS	Service Charges	0000Y0573V148	298.90	298.90
Total 102539:							298.90
04/18	04/18/2018	102540	Vaccaro, Brandon	Tuition Reimb PHL1010	TUITION PHL1010	607.50	607.50
Total 102540:							607.50
04/18	04/18/2018	102541	Van Dang, Art	VanDang D2 Certification	D2 2018-2021	60.00	60.00
04/18	04/18/2018	102541	Van Dang, Art	VanDang T1 Certification	T1 2018-2021	55.00	55.00
Total 102541:							115.00
04/18	04/18/2018	102542	Waste Management	Propane for Yard	0005101-4792-9	1,295.00	1,295.00
04/18	04/18/2018	102542	Waste Management	Roll-off Services	3786814-2508-8	1,477.06	1,477.06
04/18	04/18/2018	102542	Waste Management	Roll-off Services 190 Campf	3786824-2508-7	711.16	711.16
Total 102542:							3,483.22
Grand Totals:							572,133.22

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Cynthia Foster
4/19/18

Report Criteria:

Report type: Invoice detail
Bank.Bank Number = 1

d Sewer City Accounts - April 13, 2018 Bills for March Water and Sewer Services							DR
	Customer ID	Customer/Meter ID	GL Account No.	Description	Total Bill	Bal Due	Water GL Acct
0	10282601	Housing Corporation/39 Desert Jade 9131646	74-4632-287 74-4632-288	Water Sewer	1,133.29	314.41 818.88	314.41
0	10282702	Housing Corporation/39 Desert Jade B 9124384	74-4632-287 74-4632-288	Water Sewer	1,101.31	282.43 818.88	282.43
0	10320701	Housing Corporation/8800 Fuchsia 15812845	74-4632-287 74-4632-288	Water Sewer	2,355.46	308.26 2,047.20	308.26
0	10321101	Housing Corporation/21341 89th 05219101	74-4632-287 74-4632-288	Water Sewer	793.07	178.91 614.16	178.91
0	106793.01	City Of Calif City/Borax Bill Pk Bathrms 18819303	16-4232-287 X	Water X	282.43	282.43	282.43
0	106796.01	City Of Calif City/TDS (A)(P&R) 11010967	10-4153-287 X	Water X	5,391.35	5,391.35	5,391.35
0	106797.01	City Of Calif City/TDS (B)(P&R) 9311920	10-4153-287 X	Water X	3,012.14	3,012.14	3,012.14
0	106798.01	City Of Calif City/TDS C (P&R) 9313796	10-4153-287 X	Water X	17,609.12	17,609.12	17,609.12
0	106799.01	City Of Calif City/TDS (D)(P&R) 16490176	10-4153-287 X	Water X	3,219.85	3,219.85	3,219.85
0	106800.01	City Of Calif City/TDS Pro Shop (E)(P&R). 9113145	10-4153-287 10-4153-288	Water Sewer	102.55	88.50 14.05	88.50
0	106801.01	City of Calif City/TDS Golf Course (F) 9311918	10-4153-287 X	Water X	12,892.16	12,892.16	12,892.16
0	106802.01	City of Calif City/TDS Maint. (L)(P&R) 93702561	10-4161-287 X	Water X	88.50	88.50	88.50
0	106804.01	City of Calif City/Par-3 Golf Course (P&R) 97296489	10-4153-287 X	Water X	1,112.80	1,112.80	1,112.80

nd Sewer City Accounts - April 13, 2018 bills for March Water and Sewer Services							DR
#	Customer ID	Customer/Meter ID	GL Account No.	Description	Total Bill	Bal Due	Water GL Acct
0	106805.01	City Of Calif City/Par-3 Irrig.(P&R) Wtr	10-4153-287	Water	308.26	308.26	308.26
0	106806.01	City Of Calif City/Par-3 (I)(P&R) Wtr	10-4153-287	Water	19,977.95	19,977.95	19,977.95
0	106807.01	City Of Calif City/Par-3 (I)(P&R) Wtr	10-4153-287	Water	88.50	88.50	88.50
0	106808.01	City Of Calif City/Par-3(P&R) Wtr	10-4153-287	Water	2,472.97	2,472.97	2,472.97
0	106809.01	City Of Calif City/City Hall-Lawn (A) Wtr	10-4153-287	Water	282.43	282.43	282.43
0	106810.01	City Of Calif City/Lawn (B) Wtr	10-4153-287	Water	311.95	311.95	311.95
0	106811.01	City Of Calif City/City Hall (C) Wtr	10-4153-287	Water	293.67	282.43	282.43
0	106812.01	City Of Calif City/Police Station Wtr	18-4212-287	Water	1,129.66	1,112.80	1,112.80
0	106813.01	City Of Calif City/Fire Station Wtr	19-4222-287	Water	313.34	282.43	282.43
0	106814.01	City Of Calif City/Airport Terminal (A) Wtr	53-5310-287	Water	293.07	186.29	186.29
0	106815.01	City Of Calif City/Airport (B) Wtr	53-5310-287	Water	88.50	88.50	88.50
0	106816.01	City Of Calif City/Airport - RV Park Wtr	53-5310-287	Water	91.31	88.50	88.50
0	106817.01	City Of Calif City/Airport/Hose Bib (C) Wtr	53-5310-287	Water	52.99	52.99	52.99

nd Sewer City Accounts - April 13, 2018 Bills for March Water and Sewer Services

	Customer ID	Customer/Meter ID	GL Account No.	Description	Total Bill	Bal Due	DR Water GL Acct
0	106818.01	City Of Calif City Old Museum/Par3(P&R)	10-4153-287	Water	88.50	88.50	88.50
	Wtr	7246860	X	X			
0	106819.01	City Of Calif City/ Police Dept (AC)	18-4217-287	Water	555.72	308.44	308.44
	Wtr	6091640	18-4217-288	Sewer		247.28	
			X	X			
0	106820.01	City Of Calif City/Sewer Plant	52-5213-287	Water	299.65	299.65	299.65
	Wtr	91122081	X	X			
0	106821.01	City Of Calif City/City Yard	51-5115-287	Water	282.43	94.14	94.14
	Wtr	7213086	10-4441-287	Water		94.14	94.14
			27-4411-287	Water		94.14	94.14
			X	X			
0	106822.01	Borax Bill Park-Showers-P.D.	16-4233-287	Water	282.43	282.43	282.43
	Wtr	8184721	X	X			
0	106823.01	City Of Calif City/Cen Prk Restro(P&R)	10-4153-287	Water	304.91	282.43	282.43
	Wtr	9258800	10-4153-288	Sewer		22.48	
			X	X			
0	106824.01	City Of Calif City/Marina-Strata(P&R)	10-4153-287	Water	296.48	282.43	282.43
	Wtr	9112208	10-4153-288	Sewer		14.05	
			X	X			
0	106825.01	City Of Calif City/Comm Center(P&R)	10-4153-287	Water	282.43	282.43	282.43
	Wtr	9253880	X	X			
			X	X			
0	106826.01	City Of Calif City/Cen Pk Lake(P&R)	10-4153-287	Water	2,472.97	2,472.97	2,472.97
	Wtr	9070150	X	X			
			X	X			
0	106827.01	City Of Calif City/Senior Cent (P&R)	10-4153-287	Water	397.64	282.43	282.43
	Wtr	9131647	10-4153-288	Sewer		115.21	
			X	X			
0	106828.01	City Of Calif City/Baisitis Park(P&R)	10-4153-287	Water	88.50	88.50	88.50
	Wtr	5484144	X	X			
			X	X			
0	106829.01	City Of Calif City/Baisitis Pk Short(P&R)	10-4153-287	Water	1,611.65	1,611.65	1,611.65
	Wtr	16490175	X	X			

nd Sewer City Accounts - April 13, 2018 Bills for March Water and Sewer Services							DR
#	Customer ID	Customer/Meter ID	GL Account No.	Description	Total Bill	Bal Due	Water GL Acct
0	106830.01	City Of Calif City/Balsitis Pk Restr(P&R Wtr 8040020	X 10-4153-287	X Water	52.99	52.99	52.99
0	106831.01	City Of Calif City/Balsitis Park E(P&R) Wtr 7145276	X 10-4153-287	X Water	282.43	282.43	282.43
0	106832.01	City Of Calif City/Aspen Mail Wtr 96304228	X 71-7111-287	X Water	282.43	282.43	282.43
0	106838.01	City Of Calif City/Median (A) Wtr 11639888	X 10-4161-287	X Water	52.99	52.99	52.99
0	106839.01	City Of Calif City/Median Center (B) Wtr 359134	X 10-4161-287	X Water	88.50	88.50	88.50
0	106842.01	City Of Calif City/Median Rome Beauty/ Wtr 7247418	X 10-4161-287	X Water	52.99	52.99	52.99
0	106843.01	City Of Calif City/Lakeshore/Randsburg Wtr 8969455	X 10-4161-287	X Water	88.50	88.50	88.50
0	106844.01	City Of Calif City/Median CCB Wtr 7247390	X 10-4161-287	X Water	88.50	88.50	88.50
0	106845.01	City Of Calif City/ Median CCB-90th Wtr 8971971	X 10-4161-287	X Water	88.50	88.50	88.50
0	106847.01	City Of Calif City/Irrigation Wtr 7246836	X 10-4161-287	X Water	88.50	88.50	88.50
0	106848.01	City Of Calif City/Sport (A)(P&R) Wtr 6074816	X 10-4153-287	X Water	112.17	112.17	112.17
0	106849.01	City Of Calif City/Entra Sport (A)(P&R) Wtr 6074815	X 10-4153-287	X Water	88.50	88.50	88.50
0	106861.01	City Of California City/Pocket Park(P&R) Wtr 6305274	X 10-4153-287 10-4153-288	X Water Sewer	55.80	52.99 2.81	52.99

DR

d Sewer City Accounts - April 13, 2018 Bills for March Water and Sewer Services						DR
Customer ID	Customer/Meter ID	GL Account No.	Description	Total Bill	Bal Due	Water GL Act
		X	X			
106863.01	City of Calif City/OHV-Dump Station	16-4233-287	Water	86.36	55.45	55.45
Wtr	15666065	10-4219-288	Sewer		30.91	
		X	X			
106872.01	City of Calif City/Lake fill	10-4153-287	Water	4,239.25	4,239.25	4,239.25
Wtr	9070149	X	X			
		X	X			
106873.01	City of Calif City/Baisitis -Snack-Rest	10-4153-287	Water	52.99	52.99	52.99
Wtr	15417058	X	X			
		X	X			
106931.01	City of Calif City/Chambers Irrigation	10-4153-287	Water	282.43	282.43	282.43
	106931					
	Total City Utility Bills			87,845.77	87,845.77	82,931.26

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

FROM: Craig Platt, Public Works Director

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY TO INCORPORATE A LIST OF PROJECTS, IN THE 2018/2019 BUDGET, FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT

.....

BACKGROUND:

Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide. To address basic road maintenance, rehabilitation and critical safety needs on both the state highway and local streets and road system, SB 1: increases per gallon fuel excise taxes; increases diesel fuel sales taxes and vehicle registration fees; and provides for inflationary adjustments to tax rates in future years.

SB 1 will enable cities and counties to finally address significant maintenance, rehabilitation and safety needs on the local street and road system. It is estimated that SB 1 will generate over \$5 billion annually for state and local transportation improvements. Cities and counties are slated to receive \$1.5 billion at full implementation of SB 1. SB 1 includes historic accountability and transparency measures. Cities and counties will adopt project lists at the start of every fiscal year and also provide year end reporting on completed projects.

The new transportation bill will provide cities and counties an opportunity to catch up on years of unfunded maintenance needs that have plagued our roadways for years. Cities and counties will also use SB 1 funds for complete streets projects, increasing mobility options for residents, and will employ, to the extent possible green technologies, materials and methods to reduce the impacts to the environment from transportation projects. Maintenance and rehabilitation projects will extend the service life of our local streets and roads.

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, in order to be eligible for RMRA funding, statute requires cities and counties to provide basic annual RMRA project reporting to the California Transportation Commission.

California City must include a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, in the City budget, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. All projects proposed to receive funding must be included in the city budget that is adopted by the City Council at a regular public meeting. (See attached List of Projects proposed for funding).

California City, will receive and estimated \$576,192. in RMRA funding in Fiscal Year 2018-19 from SB 1.

In order to receive RMRA funding, the City must annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during fiscal years 2009-10, 2010-11, and 2011-12.

The estimated un-official MOE for California City is currently under \$75,000 per year.

RECOMMENDATION:

Motion to pass a Resolution to incorporate a list of projects, in the 2018/2019 budget, funded by SB 1: The Road Repair and Accountability Act.

FISCAL IMPACT:

The estimated un-official MOE for California City is under \$75,000 per year from the General Fund.

ENVIRONMENTAL ACTION:

Environmental review will be conducted during project implementation and will be filed before construction begins.

Attachments: Resolution, Attachment A – SB 1 - List of Projects, Engineer's Estimates.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY TO
INCORPORATE A LIST OF PROJECTS, IN THE 2018/2019 BUDGET, FUNDED BY SB 1:
THE ROAD REPAIR AND ACCOUNTABILITY ACT**

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of our City are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the City must include a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, in the City budget, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the City, will receive an estimated \$576,192. in RMRA funding in Fiscal Year 2018-19 from SB 1; and

WHEREAS, the City has undergone a robust public process to ensure public input into our community's transportation priorities/the project list; and

WHEREAS, the City used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the communities priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help the City maintain and rehabilitate approximately 1 centerline miles of streets/roads, throughout the City this 18-19 Fiscal Year and hundreds of similar projects into the future; and

WHEREAS, the 2016 California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in an "at-risk" condition and this revenue will help us increase the overall quality of our road system and over the next decade will bring our streets and roads into a "Good to Excellent" condition; and

WHEREAS, without revenue from SB 1, the City, would have otherwise been canceling projects throughout the community and/or laying off city staff; and

WHEREAS, if the Legislature and Governor failed to act, city streets and county roads would have continued to deteriorate, having many and varied negative impacts on our community; and

WHEREAS, cities and counties own and operate more than 81 percent of streets and roads in California, and from the moment we open our front door to drive to work, bike to school, or walk to the bus station, people are dependent upon a safe, reliable local transportation network; and

WHEREAS, modernizing the local street and road system provides well-paying construction jobs and boosts local economies; and

WHEREAS, the local street and road system is also critical for farm to market needs, interconnectivity, multimodal needs, and commerce; and

WHEREAS, police, fire, and emergency medical services all need safe reliable roads to react quickly to emergency calls and a few minutes of delay can be a matter of life and death; and

WHEREAS, maintaining and preserving the local street and road system in good condition will reduce drive times and traffic congestion, improve bicycle safety, and make the pedestrian experience safer and more appealing, which leads to reduce vehicle emissions helping the State achieve its air quality and greenhouse gas emissions reductions goals; and

WHEREAS, restoring roads before they fail also reduces construction time which results in less air pollution from heavy equipment and less water pollution from site run-off; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of California City, State of California, as follows:

1. The foregoing recitals are true and correct.
2. The budget for fiscal year 2018-19 incorporates the following list of projects planned to be funded with Road Maintenance and Rehabilitation Account revenues: **See attachment A**
3. The budget for fiscal year 2018-19 reflects the following: **Appropriate RMRA funding, as necessary.**

PASSED, APPROVED, AND ADOPTED THIS _____ DAY OF _____, 2017,
by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor – Jennifer Wood

ATTEST:

Denise Hilliker
City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN } SS
CITY OF CALIFORNIA CITY }

I, Denise Hilliker, City Clerk of the City of California City, do hereby certify that the foregoing Resolution
was duly and regularly adopted by the City Council of the City of California City on the
_____ day of _____ 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Denise Hilliker
City Clerk

Attachment A

Job# 18405

PROJECT ID: 18-WINTER-1

CITY OF CALIFORNIA CITY
SB1 FY 18/19 LOCAL STREETS REHABILITATION
PRELIMINARY ENGINEER'S ESTIMATE
ESTIMATED CONSTRUCTION YEAR - WINTER 2018
GRIND AND CAP - BAY AVE & CATALPA AVE BETWEEN LASKY ST. & 94TH ST.

EXISTING PAVEMENT CONDITION	PAVEMENT LIFE EXPECTANCY
PCI 26-40 POOR	10 YEARS

ITEM NO.	ITEM CODE	UNIT OF MEASURE	ESTIMATED QUANTITY	PRICE PER UNIT	TOTAL PRICE
1	COLD PLANE 3-INCH EXISTING AC SURFACE AND HAUL OFF	S.F.	93600	\$ 0.37	\$ 34,632.00
2	TYPE "B" HOT MIX ASPHALT	TON	1862	\$ 110.00	\$ 204,787.00
3	APPLY FOG SEAL ON NEW PAVEMENT	L.S.	1	\$ 6,500.00	\$ 6,500.00
4	MARKINGS & SIGNAGE	L.S.	1	\$ 5,500.00	\$ 5,500.00
5	ADJUST UTILITY COVER TO GRADE	EA.	6	\$ 1,250.00	\$ 7,500.00
6	PREPARE AND IMPLEMENT TEMPORARY TRAFFIC CONTROL PLAN	L.S.	1	\$ 5,500.00	\$ 5,500.00
7	PREPARE AND IMPLEMENT STORMWATER SOILS LOSS PREVENTION PLAN	L.S.	1	\$ 3,000.00	\$ 3,000.00

Sub-Total: \$ 267,419.00

Contingency: \$ 26,742.00

Estimated Construction Total: \$ 294,161.00

Printing and Advertisement : \$ 1,500.00

Preliminary Engineering : \$ 29,416.00

Construction Engineering: \$ 14,708.00

Total Estimated Cost: \$ 339,785.00

Date: 4/13/18

By: Miguel Pantoja

SB1 FY 18/19 LOCAL STREETS REHAB

ESTIMATED CONSTRUCTION YEAR - WINTER 2018



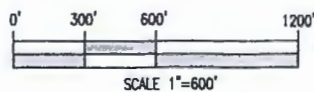
PAVEMENT CONDITION BASED ON PCI

LEGEND

LEGEND	PCI
	86-100 EXCELLENT
	71-85 VERY GOOD
	56-70 GOOD
	41-55 FAIR
	26-40 POOR
	11-25 VERY POOR
	0-10 FAILED
	DESERT MIX ROAD

04-16-18 HEI#18405

BAY AVE. & CATALPA AVE.
BETWEEN LASKY ST AND 94 TH ST.
PROJECT ID: 18-WINTER-1



PROJECT ID: 18-WINTER-2

CITY OF CALIFORNIA CITY
SB1 FY 18/19 LOCAL STREETS REHABILITATION
PRELIMINARY ENGINEER'S ESTIMATE
ESTIMATED CONSTRUCTION YEAR - WINTER 2018
GRIND AND CAP - EUCALYPTUS/FIR AVE BETWEEN S LOOP BLVD & CORWIN ST

EXISTING PAVEMENT CONDITION	PAVEMENT LIFE EXPECTANCY
PCI 11-25 VERY POOR	10 YEARS

ITEM NO.	ITEM CODE	UNIT OF MEASURE	ESTIMATED QUANTITY	PRICE PER UNIT	TOTAL PRICE
1	COLD PLANE 3-INCH EXISTING AC SURFACE AND HAUL OFF	S.F.	81600	\$ 0.37	\$ 30,192.00
2	3" TYPE "B" HOT MIX ASPHALT	TON	1623	\$ 110.00	\$ 178,533.00
3	APPLY FOG SEAL ON NEW PAVEMENT	L.S.	1	\$ 6,500.00	\$ 6,500.00
4	MARKINGS & SIGNAGE	L.S.	1	\$ 5,500.00	\$ 5,500.00
5	ADJUST UTILITY COVER TO GRADE	EA.	6	\$ 1,250.00	\$ 7,500.00
6	PREPARE AND IMPLEMENT TEMPORARY TRAFFIC CONTROL PLAN	L.S.	1	\$ 5,500.00	\$ 5,500.00
7	PREPARE AND IMPLEMENT STORMWATER SOILS LOSS PREVENTION PLAN	L.S.	1	\$ 3,000.00	\$ 3,000.00

Sub-Total: \$ 236,725.00

Contingency: \$ 23,673.00

Estimated Construction Total: \$ 260,398.00

Printing and Advertisement : \$ 1,500.00

Preliminary Engineering : \$ 26,040.00

Construction Engineering: \$ 13,020.00

Total Estimated Cost: \$ 300,958.00

Date: 4/13/18

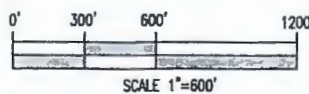
By: Miguel Pantoja

ESTIMATED CONSTRUCTION YEAR - WINTER 2018



EUCALYPTUS AVE. & FIR AVE.

BETWEEN S LOOP AND CORWIN ST
PROJECT ID: 18-WINTER-2



**PAVEMENT CONDITION
BASED ON PCI**

PCI	Condition
0-10	FAILED
11-25	VERY POOR
26-40	POOR
41-55	FAIR
56-70	GOOD
71-85	VERY GOOD
86-100	EXCELLENT

DESERT MIX ROAD

04-16-18 HEI#18405

PROJECT ID: 18-WINTER-3

CITY OF CALIFORNIA CITY
SB1 FY 18/19 LOCAL STREETS REHABILITATION
PRELIMINARY ENGINEER'S ESTIMATE
ESTIMATED CONSTRUCTION YEAR - WINTER 2018
GRIND AND CAP - HOLLY & GRAPEWOOD BETWEEN EUCALYPTUS & CORWIN ST

EXISTING PAVEMENT CONDITION	PAVEMENT LIFE EXPECTANCY
PCI 11-25 VERY POOR	10 YEARS

ITEM NO.	ITEM CODE	UNIT OF MEASURE	ESTIMATED QUANTITY	PRICE PER UNIT	TOTAL PRICE
1	COLD PLANE 3-INCH EXISTING AC SURFACE AND HAUL OFF	S.F.	76800	\$ 0.37	\$ 28,416.00
2	3" TYPE "B" HOT MIX ASPHALT	TON	1528	\$ 110.00	\$ 168,031.00
3	APPLY FOG SEAL ON NEW PAVEMENT	L.S.	1	\$ 6,500.00	\$ 6,500.00
4	MARKINGS & SIGNAGE	L.S.	1	\$ 5,500.00	\$ 5,500.00
5	ADJUST UTILITY COVER TO GRADE	EA.	6	\$ 1,250.00	\$ 7,500.00
6	PREPARE AND IMPLEMENT TEMPORARY TRAFFIC CONTROL PLAN	L.S.	1	\$ 5,500.00	\$ 5,500.00
7	PREPARE AND IMPLEMENT STORMWATER SOILS LOSS PREVENTION PLAN	L.S.	1	\$ 3,000.00	\$ 3,000.00

Sub-Total: \$ 224,447.00

Contingency: \$ 22,445.00

Estimated Construction Total: \$ 246,892.00

Printing and Advertisement : \$ 1,500.00

Preliminary Engineering : \$ 24,689.00

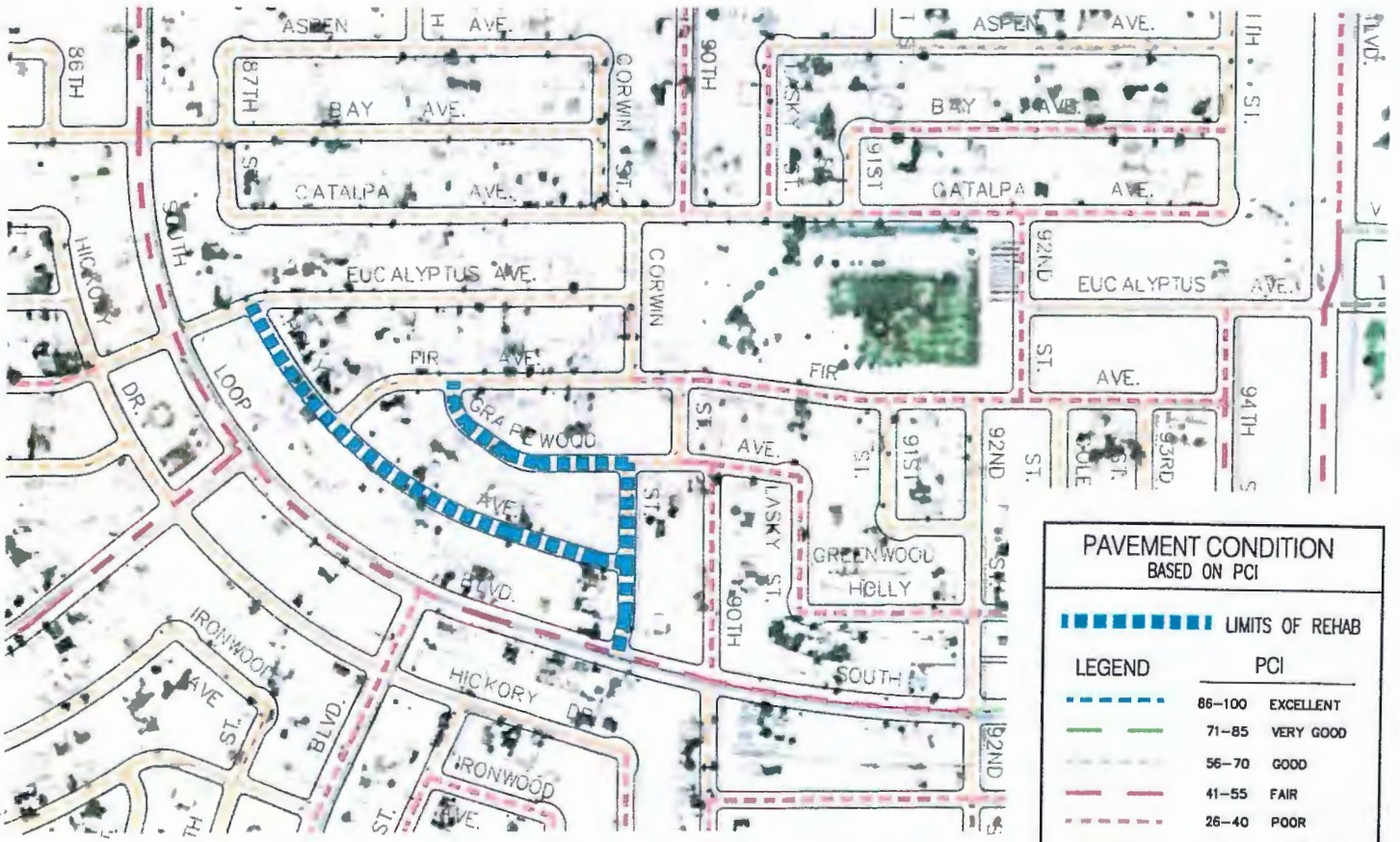
Construction Engineering: \$ 12,345.00

Total Estimated Cost: \$ 285,426.00

Date: 4/13/18

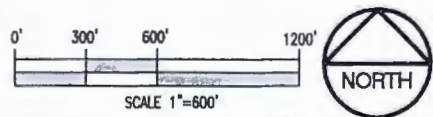
By: Miguel Pantoja

SB1 FY 18/19 LOCAL STREETS REHAB **ESTIMATED CONSTRUCTION YEAR - WINTER 2018**



PAVEMENT CONDITION BASED ON PCI		
LIMITS OF REHAB		
LEGEND	PCI	
	86-100	EXCELLENT
	71-85	VERY GOOD
	56-70	GOOD
	41-55	FAIR
	26-40	POOR
	11-25	VERY POOR
	0-10	FAILED
	DESERT MIX ROAD	

HOLLY & GRAPEWOOD
 BETWEEN EUCALYPTUS AND S LOOP
 PROJECT ID: 18-WINTER-3



04-16-18 HEI#18405

CITY COUNCIL
March 27, 2018

TO: Mayor and City Council
From: Mary Johnson Human Resources Director
SUBJECT: STAFFING DOCUMENT MONTH ENDING April 20, 2018

.....
BACKGROUND

The attached document represents the City's work force in each department.

Changes to the staffing document include:

1. Police Officers with two weeks of service returned to his previous agency.
2. General Service Worker from PW took a job with a new employer.
3. Account Clerk 1 from the Finance Department voluntarily terminated her employment with the City.

There were no other changes to the Staffing document during this time frame.

RECOMMENDATION

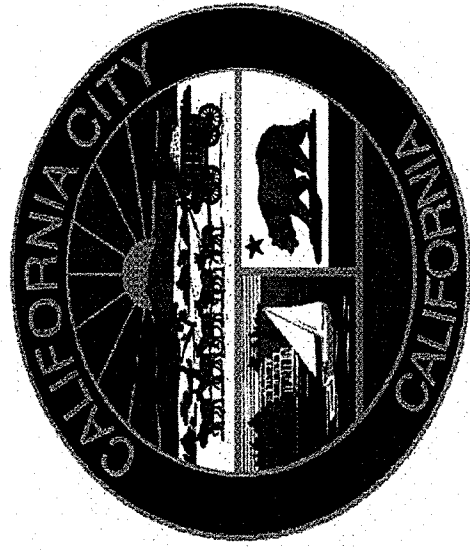
Management recommends that this updated staffing document is approved for the month of March through April 2018.

FISCAL IMPACT

None

ENVIRONMENTAL CTION

None



CITY OF CALIFORNIA CITY STAFFING DOCUMENT FY2017-2018

PERIOD ENDING: APRIL 20, 2018

Month Ending: April 20, 2018**Administration**

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
City Manager	Bob Stockwell	1	1	0	1	0	0	
Human Resources Dir	Mary Johnson	1	1	0	1			
City Clerk	Denise Hillker	1	1	0	1	42	6	
Adminstration Assistant	Anna Linn	1	1	0	1	53	1	
Housing Manager	Amy Hurtado	1	1	0	1	40	4	
Total Administration Summary		5	5	0	5			

Month Ending: April 20, 2018

Finance

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Finance Director	Open	1		1		60		FT
Accountant	Jason Williams	1	1		1	49	3	FT
Budget Analyst	Cynthia Foster	1	1		1	49	3	FT
Utility Supervisor	Magdelania Arias	1	1		1			FT
Account Clerk III	Serina Roderat (payroll)	1	1		1	33	6	FT
	Beth Boone (A/P	1	1		1	33	6	FT
	Ruthanne Welling	1	1		1	33	6	FT
	Cindy Berry	1	1		1	33	6	FT
Account Clerk I	Destiny Copland	1	1		1	14	2	FT
	Ari White			1		14		FT
	Closed	1						
Total Finance Summary		Authorized	Assigned	Open	Filled			
		10	8	2	8			

Month Ending: April 20, 2018 Public Works

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
PW Director	Craig Platt	1	1	0	1	60	4	
Adminstrative Secretary	Janet Sprague	1	1	0	1	52	5	FT
Adminstrative Clerk	Socorro Chavez	1	1	0	1	19	1	FT
Total Public Works Administration		3	3	0	3			

BUILDING/PLANNING

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Deputy Building Official	Jose Barragan	1	1		1	55	1	FT
Adminstrative Secretary	Tiffany Carter	1	1		1	52	6	FT
Planning Tech	Anu Doravari	1	1		1			
Associate Planner	Open	1		1				
Total Building & Planning		4	3	1	3			

FACILITIES & GROUNDS

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Facilities Maintenance Supervisor	Michael Garcia	1	1		1	55	6	FT
Senior Bldg. Maint.	Spencer Sample	1	1		1	33	6	FT
Maintenance Worker I	Francisco Ruiz	1	1		1	23	3	FT
Maintenance Worker II	Open	1		1		23		
General Service Worker	Leo Rodarte	1	1		1	14	2	FT
General Service Worker	Gilberto Galviz	1	1		1	14	3	FT
Total Facilites & Grounds		6	5	1	5			

SHOP/GARAGE								
Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Garage Superintendent	Ruben Munoz	1	1	0	1	52	6	FT
Heavy Equipment Operator	Open	1	0	1	0			
Total Shop & Garage		2	1	1	1			

WATER DEPT.								
Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Water Operations Supervisor	Toby Layton	1	1	0	1	55	3	FT
Water Operator Lead	Art Van Dang	1	1	0	1	55	3	FT
Water Operator Lead	Amador Meza	1	1	0	1	55	3	FT
Total Lead & Supervisor		3	3	0	3			
Distribution Operator II	open	1	0	1		27		FT
Maintenance Worker II	Pete Galan	1	1		1	27	5	FT
Total Distribution Operator II and Maintenance Worker II		2	1	1	1			

Water Dept. Maintenance Worker I

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Maintenance Worker I	Cody Sides	1	1	0	1	23	1	FT
Maintenance Worker I	Timothy Geddes	1	1	0	1	23	1	FT
Maintenance Worker I	Dawn Ferguson	1	1	0	1	23	3	FT
Maintenance Worker I	Luis Urbina	1	1	0	1	23	3	FT
Maintenance Worker I	Josh Fuller	1	1	0	1	23	1	FT
Maintenance Worker I	Raymond Escamilla	1	1	0	1	23	4	FT
Total Maintenance Worker I		6	6	0	6			

Water Dept. General Service Worker

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
General Service Worker	Chris Terry	1	1	0	1	14	3	FT
General Service Worker	Francisco Guillen	1	1	0	1	14	5	FT
General Service Worker	Andrew Maxwell	1	1	0	1	14	3	FT
General Service Worker	Gilberto Galaviz	1	1	0	1	14	3	FT
General Service Worker	Marcos Rodriguez	1	1	0	1	14	5	FT
General Service Worker	David Toledo	1	1	0	1	14	3	FT
General Service Worker	open	1		1		14		FT
General Service Worker	Chris Mamula	1	1	0	1	14	1	FT
General Service Worker	open	1		1		14		FT
Total General Service Worker		9	7	2	7			
WASTE WATER TREATMENT								
	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
WWTP Operator III	Greg Fielding	1	1	0	1	55	6	FT
WWTP Operator II	Richard Vasquez	1	1	0	1	33	6	FT
WWTP Operator in Training	Open	1		1				FT
Total Waste Water Treatment		3	2	1	2			

STREET DEPARTMENT								
Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status
Streets Lead	Victor Loughary	1	1	0	1	55	6	FT
Heavy Equipment Operator II	Amador B. Meza Sr	1	1	0	1	31	6	FT
Heavy Equipment Operator I	Jesus Gonzalez	1	1	0	1	27	2	FT
Maintenance Worker I	James Hansen	1	1	0	1	23	2	FT
General Service Worker	Craig LaRue	1	1	0	1	14	3	FT
General Service Worker		1		1		14		FT
General Service Worker (temp)	Open	1	1	0	1	14	1	Temp
General Service Worker (temp)	open	1		1				Temp
Total Street Department		8	6	2	6			
Total Public Works Summary		Authorized	Assigned	Open	Filled			
		46	37	9	37			

Month Ending: April 20, 2018

Police Department

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Police Chief	Eric Hurtado	1	1		1	60	5	FT	
Liutenant	Frank Huizer	1	1		1	76	5	FT	
Records Clerk Supervisor	Rocky Gallant	1	1		1	33p	6	FT	
Records Clerk	Patricia Corcoran	1	1		1	19	6	FT	
Admin Clerk (Grant)	Open	1		1		20		FT	
Police Admin Aide	Open	1		1		15		FT	
Police Admin Tech1	Karen Sanders	1	1		1	28	2	FT	
Total Police Department Administration		7	5	2	5				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Sargeant	Ben Blanton	1	1	0	1	75	5	FT	
	Jack Craig	1	1	0	1	75	5	FT	
	Shannon Hayes	1	1	0	1	75	5	FT	
	Jesse Hightower	1	1	0	1	75	5	FT	
Special Investigator	John Boston	1	1	0	1	77	5	FT	
Sargeant & Special Investigator Total		5	5	0	5				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Police Officers	Jordan Arroyo	1	1		1	74	2	FT	
	Frank Camacho	1	1		1	74	1	FT	
	Ryan Hulse	1	1		1	74	2	FT	
	Michael Kelakios	1	1		1	74	2	FT	
	Brian Hansen	1	1		1	74	2	FT	
	Edmund Ortega	1	1		1	74	1	FT	
	Leobardo Angulo	1	1		1	19	3	FT	
	Open	1		1		74		FT	
	Open	1	0	1		74		FT	
	Steven Whiting	1	1		1	74	1	FT	
SRO	Kevin Guillen	1	1			74	1	FT	
Police Officers and SRO Total		11	9	2	8				
Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Police Officer Reserve	Edward Fuller	1	1	0	1	74	1	PT	
	Justin Grabil	1	1	0	1	74	1	PT	
	Michael Katz	1	1	0	1	74	1	PT	
	Gary Wilson	1	1	0	1	74	2	PT	
	Michael Madden	1	1	0	1	74	1	PT	
Police Officer Reserve Total		5	5	0	5				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
General Service Worker Park Aide OHV	Jessica Morfin	1	1	0	1	14	1	PT	
Maintenance Worker II	Rene Marroquin	1	1	0	1	27	6	FT	
Maintenance Worker I	Jonthan McCartin	1	1	0	1	23	1	FT	
	Zacharias Rush	1	1	0	1	23	1	FT	
	Open	1		1		23		FT	
Total PD OHV Workers		5	4	1	4				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Animal Control Supervisor	Joellen Downs	1	1	0	1	33P	3	FT	
Animal Control Officer	Larisa Glisson	1	1	0	1	23P	6	FT	
GSW-Kennel Worker	Matthew Levesay	1	1	0	1	14	1	PT	
GSW-Kennel Worker	Marlyana Hanley	1	1	0	1	14	1	PT	
Total Animal Control		4	4	0	4				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
CSO I	Jackie Craig	1	1	0	1	19	5	FT	
CSO II	Ryan Schultheiss	1	1	0	1	28P	6	FT	
Jailer CSO	Open	4		4		19		FT	
TOTAL CSO		6	2	4	2				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Cadet	Open	1	0	1	0	10		PT	
Cadet	Open	1	0	1	0	10		PT	
Total Cadets		2	0	2	0				

Job Title	Employee Name	Authorized Positions	Assigned	Open Positons	Filled Positions	Range	Step	Status	Closed Position
Dispatch Supervisor	Open	1	0	1	0	33P		FT	
Dispatcher I	Geri Angell	1	1	0	1	20P	6	FT	
Dispatcher I	Daniel Deges	1	1	0	1	20P	6	FT	
Dispatcher I	Talia Artalago	1	1	0	1	20P	2	FT	
Dispatcher I	Ronald David Lopez	1	1	0	1	20P	6	FT	
Dispatcher I	Rebecca Wofford	1	1	0	1	20p	6	FT	
Dispatcher Total		6	5	1	5				
Total Police Department		Authorized	Assigned	Open	Filled				
		51	39	12	38				

Month Ending: April 20, 2018 Fire Department

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Fire Chief	David Goodell	1	1	0	1	60	2	FT
Fire Department Admin	Jensma Juarez	1	1	0	1	28	2	FT
Fire Marshal	Jeremy Kosick	1	1	0	1	57	3	FT
Public Safety Admin Total		3	3	0	3			

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Fire Captain	Brandon Vaccaro	1	1	0	1	83	5	FT
	Jack Walters	1	1	0	1	83	6	FT
	Andrew Roach	1	1	0	1	83	4	FT
Fire Captain Total		3	3	0	3			

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Fire Engineer	Usvaldo Guerrero	1	1		1	78	6	FT
	Robert Marx	1	1		1	78	6	FT
	David Orr	1	1		1	78	6	FT
Fire Engineer Total		3	3	0	3			

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Firefighter/Paramedic	Jason Guzman	1	1	0	1	73	1	FT
	Michael Weaver	1	1	0	1	73	5	FT
	Juan Gabriel Pena	1	1	0	1	73	1	FT
	Eduardo Rodriguez	1	1	0	1	73	1	FT
Firefighter/Paramedic Total		4	4	0	4			

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Seasonal Firefighter	Open	1	0	1	0	73		PT
	open	1	0	1	0	73		PT
	James Bizzini	1	1	0	1	73	1	PT
	open	1	0	1	0	73		PT
	Open	1	0	1	0	73		PT
Seasonal Firefighter total		5	1	4	1			

Job Title	Employee Name	Authorized Positions	Assigned	Open Positions	Filled Positions	Range	Step	Status
Code Enforcement	Open	1	0	1	0	34		
	Kristy Hightower	1	1		1	34	6	
Code Enforcement Total		2	1	1	1			

Total Fire Department		Authorized	Assigned	Open	Filled			
		20	15	5	15			

Month Ending: April 20, 2018 Parks & Recreation

Job Title	Employee Name	Authorized Positons	Assigned	Open Positions	Filled Positions	Range	Step	Status
Recreation Manager	Brenda Daverin	1	1	0	1	36	2	
Recreation Assistant	Matthew Schuman	1	1	0	1	17	2	FT
	Open	1	0	1	0			
Rec Aide/Cashier	Open	1	0	1	0	5	1	PT
	Gary Schotch	1	1	0	1	5	1	PT
	Open	1	0	1	0	5		PT
	Open	1	0	1	0	5		PT
	Anthony Ramzee	1	1	0	1	5	1	PT
	Lyle Ronkowski	1	1	0	1	5	1	PT
	Open	1	0	1	0	5		PT
	Open	1	0	1	0	5		PT
	Open	1	0	1	0	5		PT
	Open	1	0	1	0			PT
Lifeguard	Open	1	0	1	0	15	5	PT
Lifeguard Instructor	P. Rojo	1	1	0	1	17	2	PT
		15	6	9	6			
Parks & Recreation Total		Authorized	Assigned	Open	Filled			
		15	6	9	6			

Month Ending: April 20, 2018 Dial a Ride

Job Title	Employee Name	Authorized Positons	Assigned	Open Positions	Filled Positions	Range	Step	Status
DAR Lead	Wendy Smith	1	1	0	1	30	6	FT
DAR Dispatch/Driver	Cindy Beckwith	1	1	0	1	19	6	FT
DAR Dispatch/Driver	Barbara Andrasevits	1	1	0	1	19	3	FT
DAR Dispatch	Lisa Knight	1	1	0	1	15	1	PT
		4	4	0	4			
Dial a Ride Total		Authorized	Assigned	Open	Filled			
		4	4	0	4			

Month Ending: April 20, 2018 Airport

Job Title	Employee Name	Authorized Positons	Assigned	Open Positions	Filled Positions	Range	Step	Status
Airport Manager	Robert King	1	1	0	1	36	1	
Airport Maintenance / Ops	Marion Cato	1	1	0	1	23	1	FT
		2	2	0	2			
Airport Total		Authrized	Assigned	Open	Filled			
		2	2	0	2			

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

FROM: Craig C Platt Public Works Director

SUBJECT: Annual Assessments/Water Standby Fees: Resolution Initiating Proceedings for FY 18/19

.....
BACKGROUND

The City of California City is required by state law to notify owners annually regarding Water Standby Fees. The dollars amounts have not changed from last year as reflected on your property tax bill.

**THERE IS NO INCREASE IN TAX ASSMENTS.
THE WATER ASSESSMENT STANDBY FEES REMAIN THE SAME AS BILLED IN 2017.**

The city council will receive and consider any written comments received prior to the hearing. Any written comments should be directed to the city clerk's office at 21000 Hacienda Blvd, California City, CA 93505 and must be received by the close of business May 2, 2018. At the hearing, the city council will consider all questions, comments and objections relative to establishing said charges and having the County of Kern collect same along with its general taxes.

RECOMMENDATION

Adopt the resolution initiating proceedings for the establishment of the water standby charges for FY 18/19.

FISCAL IMPACT

NONE

ENVIRONMENTAL ACTION

NONE

ATTACHMENTS

Proposed Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY INITIATING PROCEEDINGS FOR THE ESTABLISHMENT OF THE WATER STANDBY CHARGES FOR FISCAL YEAR 2018-19

THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY RESOLVES as follows:

Section 1. Purpose

This Resolution initiates proceedings to levy the City's existing water standby charges for Fiscal Year 2018-19.

Section 2. Findings

The City Council finds, determines and declares as follows:

- A. Due to the size of the City and the interspersing of developed and undeveloped land within many areas of the City, the City operates and maintains a very extensive water system that is designed to serve not only the developed parcels in the City but also the territory that as not yet been developed.
- B. The oversized water system is outdated, in need of substantial rehabilitation and improvements, and expensive to operate and maintain.
- C. The Uniform Standby Charge Procedures Act (Gov't Code Sec. 54984 *et seq.*) (the "Act") authorizes the City to fix a water standby charge on land within the City that derive benefit from the availability of facilities to provide water service, even if that land does not actually use the water service.
- D. In 1992 and 1993, the City Council conducted proceedings pursuant to the Act to fix a standby charge (the "Standby Charge") to fund for the construction and reconstruction of water production, transmission and storage facilities.
- E. Since the Standby Charge was first fixed, (i) the City has annually taken action to continue the Standby Charge pursuant to Section 54984.7 of the Act and (ii) the Standby Charge has been collected on each year's property tax roll.
- F. The rate of the Standby Charge has not changed since it was initially levied in Fiscal Year 1992-1993.
- G. Pursuant to Section 5(a) of Article XIII D of the California Constitution, the Standby Charge is exempt from the procedures and approval process set forth in Section 4 of

Article XIII D of the California Constitution.

Section 3. Report of Engineer

A qualified engineer's report is on file in the Office of the City Clerk and incorporated herein by reference. The proposed standby charge is based upon the report. The report includes the following: a description of the charge and the method by which it will be imposed; a compilation of the amount of the charge proposed for each parcel subject to the charge; a statement of the methodology and rationale followed in determining the degree of benefit conferred by the service for which the charge is made; and a discussion of the other factors described in Section 54984.2 of the Act.

Section 4. Affected Lands

A list of the assessor's parcel number (or other identifying information for any parcel for which an assessor's parcel number is not listed) of each parcel to be charged is on file in the Office of the City Clerk and incorporated herein by reference. The list also includes the amount of the charge for each listed parcel.

Section 5. Proposed Charges

The proposed charge is as follows:

- (a) Effective July 1, 2018, water standby charges shall be paid by certain property within the City not receiving water service as follows:
 - (1) "Acres 1": Within recorded tracts for which a Subdivision Deferred Improvement "SDI" Agreement exists, parcels not fronting upon a water main shall pay \$15.00 per parcel per annum.
 - (2) "Acres 2": Within recorded tracts for which an SDI agreement exists, parcels fronting upon a water main shall pay \$20.00 per parcel per annum.
 - (3) "Acres 3": Within recorded tracts for which an SDI Agreement does not exist, parcels shall pay \$25.00 per parcel per annum.
- (b) Notwithstanding the foregoing, water standby charges shall not be paid by certain property within the City as follows:
 - (1) Parcels contained in a condominium, townhouse or other multi-family residential development shall not pay a standby charge, provided common area parcels shall pay a charge at the rate specified in subsection (a).
 - (2) Ownership interests consisting solely of mineral rights shall not pay standby charges.
 - (3) Parcels receiving water service as of the effective date shall not pay a standby charge.

Section 6. Public Hearing

- (a) The Council shall conduct a public hearing at the City Council Chambers located at 21000 Hacienda Blvd, California City, California, on May 8, 2018. At the published hearing, the Council will hear and consider all objections or protests, if any, to the proposed charges.
- (b) The City Clerk is directed to publish notice of the public hearing.

Section 7. Encouragement of Public Participation

The City Council has adopted this Resolution and will hold the noticed public hearing referenced in Section 6 of the Resolution as part of the City's commitment to open government and public participation. The adoption of this Resolution should not be interpreted as an admission by the City that the Resolution, or any of its contents, is required under applicable state law.

PASSED, APPROVED AND ADOPTED THIS 24th DAY OF April, 2018 by the following

vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jennifer Wood, Mayor

ATTEST:

Denise Hilliker, City Clerk
(SEAL)

**NOTICE OF PUBLIC HEARING
CALIFORNIA CITY
CITY COUNCIL
Tuesday, May 8, 2018
City Council Chambers
21000 Hacienda Blvd., California City 93505**

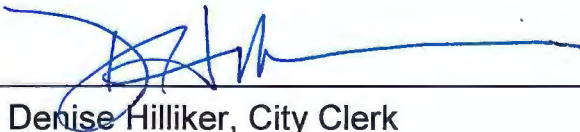
On April 24th, 2018, the City Council of the City of California City adopted its Resolution No. 05-18-xxx, initiating proceedings to levy the City's existing water standby charges for Fiscal Year 2018-19.

NOTICE IS HEREBY GIVEN that the City Council of the City of California City will hold a **PUBLIC HEARING** on Tuesday, May 8th, 2018 to hear and consider all objections or protests, if any, to the proposed charges.

ALL INTERESTED PARTIES are invited to attend and provide input to the City Council on the above-calendared matter.

Date: Tuesday, May 8, 2018
Location: Council Chambers City Hall, 21000 Hacienda Blvd.
Time: 6:00 p.m. or as soon thereafter as possible

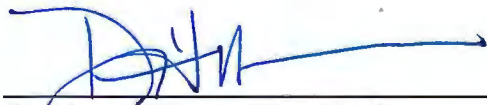
Dated: April 25, 2018



Denise Hilliker, City Clerk
City of California City

AFFIDAVIT OF POSTING AND PUBLICATION:

I, Denise Hilliker, City Clerk for the City of California City, do hereby attest that I caused this Notice of Public Hearing to be posted on all official City bulletin boards as required by statute, and ordered it published in an adjudicated newspaper of general circulation within the jurisdiction of this hearing (Mojave Desert News) on April 27, 2018, and on June 1, 2018.



Denise Hilliker, City Clerk
City of California City

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

FROM: Jason B. Williams, City Accountant

SUBJECT: FY 16-17 Transportation Development Act (TDA) Audit complete

BACKGROUND:

The Transportation Development Act (TDA) financial statement audit is conducted on an annual basis, and only covers the City's Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund. The goal of the TDA financial statement audit is to provide users of the financial statements with independent assurance that they can rely upon the information presented in those financial statements. Auditors use a variety of means to obtain the evidence they need to provide such assurance. Specifically, auditors.

- Inspect relevant documentation
- Observe employee performance
- Inquire concerning policies, procedures, transactions, and events
- Confirm balances and transactions with outside parties
- Perform analytical procedures to determine the reasonableness of transactions and balances

Audit Opinions:

At the conclusion of the audit, the auditor renders an opinion on the overall TDA financial statements. In other words, this is sometimes referred to as a report card. An unmodified opinion can be interpreted as an "A", whereas an adverse opinion can be interpreted as an "F". There are generally four types of audit opinions that auditors may render on the financial statements which are:

- **Unmodified Opinion (Letter Grade "A")** - When expressing an unmodified opinion on financial statements, the auditor's opinion should state that the financial statements present fairly, in all material respects, the financial position of the entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended, in accordance with the applicable financial reporting framework.
- **Qualified Opinion (Letter Grade "C")** – a. The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements or b. The

auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

- **Adverse Opinion (Letter Grade “F”)** - The auditor should express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
- **Disclaimer (No letter Grade)** – The auditor should disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements, if any, could be both material and pervasive.

Highlights of FY 2016-17 TDA Audit (See Attached Audit Report):

1. **Audit Opinion** - The City's TDA auditor has rendered an unmodified opinion on the overall financial statements of the City (**Letter Grade “A”**).
2. **Streets and Roads Fund (Funds 27 and 94)** - The City's FY 2016-17 Streets and Roads Fund audited fund balance is \$276,388, and the audited cash balance for this fund is \$251,133 as of fiscal year ending June 30, 2017. The budgeted ending fund balance for this fund was \$994,917, which is a difference of \$718,529. This decrease in budgeted fund balance was due to \$148,250 prior period adjusted increase and \$866,779 in deficit spending. That is, while this fund received \$588,985 in revenues during the fiscal year, it incurred \$1,455,764 of expenditures. Those expenditures were made up of \$805,289 in operating expenditures and \$650,475 in capital expenditures.
3. **KCOG Transportation Enterprise Fund (Fund 54)** – The City's FY 2016-17 KCOG Transportation Enterprise Fund audited fund balance is \$11,811, and the audited cash balance for this fund is \$0 as of fiscal year ending June 30, 2017. The budgeted ending fund balance for this fund was \$72,879, which is a difference of \$61,068. This was due to a \$205,200 underestimation of fund balance, and a \$266,268 overestimation of current year income (loss). That is, the fund budgeted for a \$136,986 surplus, but ended the fiscal year with a \$129,282 loss.
4. **Net Pension Liability:** Due to the pension reporting requirements under GASB 68, governmental entities are now required to report the full net pension liability (unfunded accrued liability) in their audited financial statements. As a result the amount reported for the KCOG Transportation Enterprise Fund is \$322,701. See Note 7, P.20 of the audited financial statements for more detail.

5. Audit findings and recommendations – As part of the FY 2016-17 TDA audit, the auditing firm

Identified 1 finding, which is a carryover from FY15-16. The KCOG Transportation Enterprise Fund did not meet the TDA required fund fare box ratio of 10% for FY 16-17. Instead, the fund's ratio was 8.17% for FY16-17 and was 7.53% for FY 15-16.

The auditors recommend the City take steps to increase its fare box revenue, increase local support, or decrease its operating expenses. Kern Council of Governments may assess a penalty in the fourth year if a claimant is out of compliance with the revenue recovery ratio requirements for three consecutive years.

The City's management responded with the following statement: "We are increasing our fares for our low income Senior housing clients: we will look at cutting expenses and pursue a TDA waiver."

RECOMMENDATION:

For the City Council to receive and file report.

FISCAL IMPACT: N/A

ENVIRONMENTAL ACTION: N/A

**CITY OF CALIFORNIA CITY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

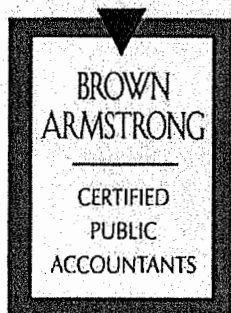
**INDEPENDENT AUDITOR'S REPORTS,
FUND FINANCIAL STATEMENTS,
AND SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

CITY OF CALIFORNIA CITY
TRANSPORTATION DEVELOPMENT ACT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Fund Financial Statements</u>	
Balance Sheet – Streets and Roads Special Revenue Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Streets and Roads Special Revenue Fund	5
Statement of Net Position – KCOG Transportation Enterprise Fund	6
Statement of Revenues, Expenses, and Changes in Net Position – KCOG Transportation Enterprise Fund	7
Statement of Cash Flows – KCOG Transportation Enterprise Fund	8
Notes to the Fund Financial Statements	9
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – Streets and Roads Special Revenue Fund – Budget and Actual (GAAP)	21
 <u>Supplementary Information</u>	
Schedule of Operating Expenses – KCOG Transportation Enterprise Fund	22
 <u>Other Report</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the Transportation Development Act	23
Status of Prior Year and Current Year Findings and Recommendations	26



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Council of Governments
Bakersfield, California

To the City Council
City of California City
California City, California

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

Report on the Financial Statements

We have audited the accompanying financial statements of the Streets and Roads Special Revenue Fund and the Kern Council of Governments (KCOG) Transportation Enterprise Fund of the City of California City, California (City), as of and for the fiscal year ended June 30, 2017, as listed in the table of contents, and the related notes to the financial statements. The June 30, 2016, summarized comparative information has been derived from the 2016 financial statements and is included for additional analysis only.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund of the City as of June 30, 2017, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2017, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis (MD&A), the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, and the Schedule of Contributions for the Transportation Development Act (TDA) Funds that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Operating Expenses on page 22 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the City's internal control over financial reporting relating to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance relating to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 26, 2018

CITY OF CALIFORNIA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017, WITH COMPARATIVE TOTALS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 251,133	\$ 242,491
Due from other governments	1,901,659	2,249,004
Prepaid expenses	<u>-</u>	<u>7,740</u>
Total current assets	<u>\$ 2,152,792</u>	<u>\$ 2,499,235</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accrued liabilities	\$ 12,610	\$ 17,779
Accounts payable	93,177	58,075
Unavailable revenue	1,770,617	-
Unearned revenue	<u>-</u>	<u>1,428,464</u>
Total current liabilities	<u>1,876,404</u>	<u>1,504,318</u>
Fund balance:		
Assigned	<u>276,388</u>	<u>994,917</u>
Total liabilities and fund balance	<u>\$ 2,152,792</u>	<u>\$ 2,499,235</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CALIFORNIA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS

	<u>2017</u>	<u>2016</u>
REVENUES		
Local transportation funds	<u>\$ 588,985</u>	<u>\$ 1,601,400</u>
EXPENDITURES		
Streets and roads	<u>1,455,764</u>	<u>2,393,722</u>
Deficiency of revenues under expenditures	(866,779)	(792,322)
Other Financing Sources		
Transfers in	<u>-</u>	<u>48,520</u>
Net change in fund balance	<u>(866,779)</u>	<u>(743,802)</u>
Fund balance, beginning of year	<u>994,917</u>	<u>1,862,339</u>
Prior period adjustment	<u>148,250</u>	<u>(123,620)</u>
Fund balance, beginning of year - as restated	<u>1,143,167</u>	<u>1,738,719</u>
Fund balance, end of year	<u><u>\$ 276,388</u></u>	<u><u>\$ 994,917</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CALIFORNIA CITY
KCOG TRANSPORTATION ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017, WITH COMPARATIVE TOTALS**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Accounts receivable	\$ 94	\$ -
Due from other governments	573,300	498,005
Prepays	<u>-</u>	<u>3,338</u>
Total current assets	573,394	501,343
Capital assets, net of accumulated depreciation	<u>34,670</u>	<u>45,779</u>
Total assets	<u><u>\$ 608,064</u></u>	<u><u>\$ 547,122</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	<u>\$ 107,440</u>	<u>\$ 41,368</u>
Total deferred outflows of resources	<u><u>\$ 107,440</u></u>	<u><u>\$ 41,368</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Due to other City funds	\$ 221,176	\$ 14,161
Accounts payable	41,194	2,996
Accrued payroll	7,108	8,700
Current portion of compensated absences	<u>10,780</u>	<u>10,547</u>
Total current liabilities	<u>280,258</u>	<u>36,404</u>
Non-current liabilities:		
Compensated absences	16,170	15,821
Net pension liability	<u>322,701</u>	<u>280,701</u>
Total non-current liabilities	<u>338,871</u>	<u>296,522</u>
Total liabilities	<u><u>\$ 619,129</u></u>	<u><u>\$ 332,926</u></u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	\$ 14,968	\$ 25,451
Unearned revenue - PTMISEA	<u>69,596</u>	<u>89,020</u>
Total deferred inflows of resources	<u><u>\$ 84,564</u></u>	<u><u>\$ 114,471</u></u>
Net position:		
Net investment in capital assets	\$ 34,670	\$ 45,779
Unrestricted	<u>(22,859)</u>	<u>95,314</u>
Total net position	<u><u>\$ 11,811</u></u>	<u><u>\$ 141,093</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CALIFORNIA CITY
KCOG TRANSPORTATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Fares	\$ 22,791	\$ 23,003
Miscellaneous	<u>19,429</u>	<u>-</u>
OPERATING EXPENSES		
Operations	195,103	284,877
Depreciation	11,109	11,344
Vehicle maintenance	16,703	7,693
General administration	<u>67,273</u>	<u>12,798</u>
Total operating expenses	<u>290,188</u>	<u>316,712</u>
Operating loss	<u>(247,968)</u>	<u>(293,709)</u>
NONOPERATING REVENUES		
Local transportation fund	75,173	59,491
State transit assistance	43,513	413,910
Special tax, Measures B and C	<u>-</u>	<u>13,243</u>
Total net nonoperating revenues	<u>118,686</u>	<u>486,644</u>
Income (Loss) before capital contributions	<u>(129,282)</u>	<u>192,935</u>
Change in net position	(129,282)	192,935
Net position, beginning	230,113	(410,085)
Prior period adjustment	<u>(89,020)</u>	<u>447,263</u>
Net position, beginning, as restated	<u>141,093</u>	<u>37,178</u>
Net position, ending	<u><u>\$ 11,811</u></u>	<u><u>\$ 230,113</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CALIFORNIA CITY
KCOG TRANSPORTATION ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS**

	2017	2016
Cash flows from operating activities		
Cash receipts from customers	\$ 22,697	\$ 23,127
Cash disbursements for payroll and payroll related expenditures	(208,589)	(205,879)
Cash disbursements for services and supplies	(45,091)	(36,546)
Net cash used for operating activities	(230,983)	(219,298)
Cash flows from noncapital financing activities		
Repayments from other funds	187,592	(226,761)
Intergovernmental	43,391	445,939
Net cash provided by noncapital financing activities	230,983	219,178
Net decrease in cash and cash equivalents	-	(120)
Cash and cash equivalents, beginning of the year	-	120
Cash and cash equivalents, end of the year	\$ -	\$ -
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (247,968)	\$ (293,709)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	11,109	11,344
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(94)	124
Decrease in prepaids	3,338	1,140
(Increase) in deferred outflows for pensions	(66,072)	(21,460)
Increase in accounts payable	38,197	924
(Decrease) in accrued payroll	(1,592)	-
(Decrease) in accrued liabilities	-	(8,840)
Increase in compensated absences	582	19,278
Increase (Decrease) in deferred inflow/outflow	(10,483)	88,929
Increase (Decrease) in net pension liability	42,000	(17,028)
Net cash used for operating activities	\$ (230,983)	\$ (219,298)

The accompanying notes are an integral part of these financial statements.

**CITY OF CALIFORNIA CITY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Streets and Roads Special Revenue Fund and the Kern Council of Governments (KCOG) Transportation Enterprise Fund (collectively, the Transportation Development Act (TDA) Funds) of the City of California City (City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The TDA provides funding of public transportation through regional planning and programming agencies. Funds are allocated to the City through the county transportation planning agency, KCOG. The TDA Funds account for the City's share of the TDA allocations, which are legally restricted for specific purposes, as detailed in applicable sections of the Public Utilities Code. The TDA Funds of the City are the Streets and Roads Special Revenue Fund (which is combined into the City's Street Maintenance Special Revenue Fund for reporting in the City's financial statements) and the KCOG Transportation Enterprise Fund, which are included in the financial statements of the City.

The accompanying financial statements present only the TDA Funds of the City and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Streets and Roads Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Streets and Roads Special Revenue Fund is reported on the City's financial statements in the Street Maintenance Special Revenue Fund.

The KCOG Transportation Fund is a proprietary fund specifically categorized as an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where fees are charged to external users for services provided. The KCOG Transportation Enterprise Fund is reported on the City's financial statements in the Transportation Enterprise Fund.

C. Measurement Focus and Basis of Accounting

The Streets and Roads Special Revenue Fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and expenditures are recognized when the fund liabilities are incurred. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are susceptible to accrual include Local Transportation Fund allocations and interest income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The KCOG Transportation Enterprise Fund is reported using the flow of economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The KCOG Transportation Enterprise Fund reports unearned revenue on its statement of net position. Unearned revenue for this fund arises when potential revenue, designated for a specific purpose, has been received prior to the eligibility requirements being met. In subsequent periods, when the eligibility requirements have been met, the liability for unearned revenue is removed and revenue is recognized.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the KCOG Transportation Enterprise Fund are passenger fares. Operating expenses include the cost of vehicle maintenance, administrative expenses, and depreciation on capital assets and equipment. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

All City monies are invested in a cash and investments pool, whereby funds can spend cash at any time without prior notice or penalty. Therefore, for purposes of the statement of cash flows, all enterprise fund cash on hand and in the pool (including restricted assets) are considered cash and cash equivalents.

E. Capital Assets

All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all capital assets in the KCOG Transportation Enterprise Fund is computed using the straight-line method over their estimated useful lives. Estimated useful lives range from 3-25 years.

F. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, which will be paid to employees upon separation from the City. Expenditures related to the Streets and Roads Special Revenue Fund are accrued in the government-wide financial statements and recorded as expenditures in the fund when paid. The KCOG Transportation Enterprise Fund accrues benefits in the period in which they are earned. Liabilities for vacation, holiday benefits, and compensatory time are recorded when earned. The amount recorded in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, at June 30, 2017 and 2016, was \$26,950 and \$26,368, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position/Fund Balance

The financial statements of the enterprise fund utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Position* – This category represents net position of the City not restricted for any project or other purpose.

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on the use of the resource that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority (the City Council).

Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be either expressed by the City Council or by a body or an official designated by the City Council.

Unassigned fund balance – the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed. The City does not have a fund balance policy that would dictate the level of financial resources required to be in the funds at year-end. The City also does not have a formal fiscal stabilization policy.

H. Grants

Grant revenues and receivables are recorded when all of the eligibility requirements imposed by the provider have been met. Grant sources include the Federal Transit Administration (FTA), State Transit Assistance (STA), and Local Transportation Fund (LTF). The LTF and STA were created by the State Legislature under the TDA. Unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Risk Management

The City participates in various risk management programs, some of which relate to the KCOG Transportation Enterprise Fund, and are tracked in the City's General Fund and reported in the financial statements of the City.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

K. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in financial position and operations of the City TDA Funds.

L. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

M. New Implemented Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports (financial reports) of state and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. There was no effect on the City's accounting or financial reporting of these financial statements as a result of implementing this standard.

GASB Statement No. 77 – *Tax Abatement Disclosures*. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. There was no effect on the City's accounting or financial reporting of these financial statements as a result of implementing this standard.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. There was no effect on the City's accounting or financial reporting of these financial statements as a result of implementing this standard.

GASB Statement No. 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. There was no effect on the City's accounting or financial reporting of these financial statements as a result of implementing this standard.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Future Accounting Pronouncements

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 85 – *Omnibus 2017*. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

O. Contingencies

The City receives funding for specific purposes that are subject to review and audit by the granting agencies funding source. Such audits could result in a request for reimbursement for expenditures disallowed under terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

The City is party to claims and lawsuits arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the TDA Funds.

P. Accounts Receivable

The City expects all outstanding accounts receivable to be collectible and has not recorded an allowance.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash balances of the TDA Funds are pooled with those of other funds and invested by the City to maximize investment opportunities and yields. Investment income resulting from this pooling is allocated among the funds based upon each respective fund's average cash balance in relation to the aggregate investment balance. Further information regarding the City's cash and cash equivalents may be found in the City's financial statements.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the KCOG Transportation Enterprise Fund for the fiscal years ended June 30, 2017 and 2016.

	July 1, 2016	Additions	Deletions	June 30, 2017
Transportation equipment	\$ 445,383	\$ -	\$ (72,082)	\$ 373,301
Accumulated depreciation	(399,604)	(11,109)	72,082	(338,631)
	<u>\$ 45,779</u>	<u>\$ (11,109)</u>	<u>\$ -</u>	<u>\$ 34,670</u>
	July 1, 2015	Additions	Deletions	June 30, 2016
Transportation equipment	\$ 445,383	\$ -	\$ -	\$ 445,383
Accumulated depreciation	(388,260)	(11,344)	-	(399,604)
	<u>\$ 57,123</u>	<u>\$ (11,344)</u>	<u>\$ -</u>	<u>\$ 45,779</u>

Depreciation expense at June 30, 2017 and 2016, was \$11,109 and \$11,344, respectively.

NOTE 4 – UNEARNED REVENUE

Allocations received but not earned are recorded as unearned revenue. Changes in the unearned revenue account for the fiscal years ended June 30, 2017 and 2016, are summarized as follows:

	2017	2016
Streets and Roads Special Revenue Fund:		
Unearned revenue, beginning of year	\$ 1,428,464	\$ 1,161,605
TDA funds allocated	-	266,859
Transfer to Unavailable revenue	(1,428,464)	-
Unearned revenue, end of year	<u>\$ -</u>	<u>\$ 1,428,464</u>
KCOG Transportation Enterprise Fund:		
Unearned revenue, beginning of year	\$ 89,020	\$ 526,573
TDA funds interest	27	-
TDA funds earned	(19,451)	(437,553)
Unearned revenue, end of year	<u>\$ 69,596</u>	<u>\$ 89,020</u>

NOTE 5 – PROPOSITION 1B PTMISEA

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation (CalTrans) for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacements.

During the fiscal year ended June 30, 2017, the City received \$0 in funds and received \$27 in interest on funds. The City expended \$19,451 from the PTMISEA account.

Schedule of PTMISEA Proposition 1B Funds For the Fiscal Year Ended June 30, 2017	
Description	Amount
Balance - beginning of the year	\$ 89,020
Receipts:	
Receipt of funds	-
Interest accrued 7/1/16 through 6/30/17	27
Expenses:	
PTMISEA related expenses	19,451
Balance - end of year	\$ 69,596

**NOTE 6 – FARE REVENUE RATIO/COMPLIANCE REQUIREMENTS OF THE KCOG
TRANSPORTATION ENTERPRISE FUND**

The TDA is defined in Chapter 4 of the California Public Utilities Code (PUC) commencing with Section 99200. Funds received pursuant to Section 99260 of the TDA (Article 4) may only be used for specific purposes, including the support of public transportation purposes. Article 4 funds are the primary funding source for the City's KCOG Transportation Enterprise Fund. TDA funds are apportioned, allocated, and paid in accordance with allocation instructions from KCOG for specific transportation purposes.

The KCOG Transportation Enterprise Fund is subject to the provision of Section 6633.2 of Title 21, Chapter 3, Subchapter 2 of the California Code of Regulations requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Accordingly, the City's KCOG Transportation Enterprise Fund must maintain a ratio equaling or exceeding 10%. The ratio is determined by comparing the fund's operating revenues to operating expenses as defined by the TDA. In accordance with the TDA, depreciation of capital assets is excluded from operating expenses for purposes of this ratio.

**NOTE 6 – FARE REVENUE RATIO/COMPLIANCE REQUIREMENTS OF THE KCOG
TRANSPORTATION ENTERPRISE FUND (Continued)**

During the fiscal years ended June 30, 2017 and 2016, the City's KCOG Transportation Enterprise Fund fare ratio of operating revenues to operating expenses as calculated below, indicates non-conformance with the provisions of the TDA as of June 30, 2017 and 2016.

	2017	2016
Fare revenues	\$ 22,791	\$ 23,003
Operating expenses	\$ 290,187	\$ 316,712
Allowable TDA adjustments		
Depreciation	(11,109)	(11,344)
Net operating expenses	\$ 279,078	\$ 305,368
Fare revenue ratio	8.17%	7.53%

NOTE 7 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PLAN)

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the California Public Employees' Retirement Law (PERL).

NOTE 7 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PLAN) (Continued)

A. General Information about the Pension Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous 2nd Tier</u>	<u>Miscellaneous California Public Employees' Pension Reform Act (PEPRA)</u>
Prior to January 1, 2011	January 11, 2011 - December 31, 2012	On or after January 1, 2013
3% @ 60	2% @ 60	2% @ 62
5 years service	5 years service	5 years service
Monthly for life	Monthly for life	Monthly for life
50-60	50-63	52-67
2.0% to 3.0%	1.092% to 2.418%	1.0% to 2.5%
8.000%	7.000%	6.250%
12.657%	7.612%	6.555%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,031,577 for the fiscal year ended June 30, 2017.

Contributions – Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis of accounting as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The TDA Funds' contributions to the Plan for the fiscal year ended June 30, 2017, were \$37,890.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the TDA Funds reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$322,701.

The TDA Funds' net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The TDA Funds' proportion of the net pension liability was based on a projection of the TDA Funds' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The TDA Funds' proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.1727%
Proportion - June 30, 2016	0.1610%
Change - Increase	0.0117%_

NOTE 7 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PLAN) (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2017, the TDA Funds recognized pension expense of \$8,445. At June 30, 2017, the TDA Funds reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 34,216	\$ -
Changes of assumptions	-	10,766
Differences between actual and expected experience	166	1,072
Net difference between projected and actual earning on plan investments	55,116	-
Change in employer's proportion	8,467	2,997
Differences between the employer's actual contributions and the employer's proportionate share of contributions	9,475	133
Total	<u>\$ 107,440</u>	<u>\$ 14,968</u>

\$34,216 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017.

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Cost Method Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3%-14.2% ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality	Derived from CalPERS Membership Date for all Funds ⁽³⁾

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

⁽³⁾ The mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

NOTE 7 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PLAN) (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board of Administration effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	<u>2.00%</u>	-0.55%	-1.05%
Total	<u><u>100.00%</u></u>		

a. An expected inflation of 2.5% used for this period.

b. An expected inflation of 3.0% used for this period.

NOTE 7 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PLAN) (Continued)**D. Discount Rate** (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the TDA Funds' proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the TDA Funds' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 463,611	\$ 322,701	\$ 206,631

NOTE 8 – PRIOR PERIOD ADJUSTMENT

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balance and net position of funds have been restated on the TDA fund financial statements as presented in the reconciliation below:

	Streets and Roads Special Revenue Fund	KCOG Transportation Enterprise Fund
Fund balance/net position, June 30, 2016, as previously reported	\$ 994,917	\$ 230,113
Under (Over) statement of revenue	148,250	(89,020)
Fund balance/net position, June 30, 2016, as restated	<u>\$ 1,143,167</u>	<u>\$ 141,093</u>

NOTE 9 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2017, have been evaluated for possible adjustments to the financial statements or disclosures is March 26, 2018, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CALIFORNIA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

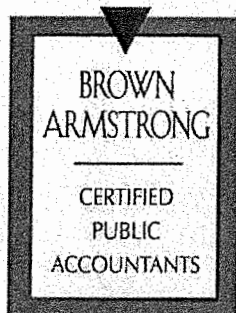
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local transportation funds	\$ 1,445,408	\$ 1,445,408	\$ 588,985	\$ (856,423)
EXPENDITURES				
Streets and roads	1,792,066	2,009,442	1,455,764	553,678
Deficiency of revenues under expenditures	(346,658)	(564,034)	(866,779)	(302,745)
Other Financing Sources				
Transfers in	390,000	390,000	-	390,000
Total other financing sources	390,000	390,000	-	390,000
Net change in fund balance	43,342	(174,034)	(866,779)	(692,745)
Fund balance, beginning	994,917	994,917	994,917	-
Prior period adjustment	-	-	148,250	148,250
Fund balance, beginning - as restated	\$ 994,917	\$ 994,917	1,143,167	\$ 148,250
Fund balance, ending			\$ 276,388	

SUPPLEMENTARY INFORMATION

CITY OF CALIFORNIA CITY
KCOG TRANSPORTATION ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS

	<u>2017</u>	<u>2016</u>
OPERATIONS		
Salaries and wages	\$ 131,992	\$ 134,841
Fringe benefits	45,485	129,669
Safety equipment	287	547
Fuel	<u>17,339</u>	<u>19,820</u>
Total operations	<u>195,103</u>	<u>284,877</u>
DEPRECIATION	<u>11,109</u>	<u>11,344</u>
VEHICLE MAINTENANCE	<u>16,703</u>	<u>7,693</u>
GENERAL ADMINISTRATION		
Office supplies	2,369	1,491
Building maintenance	-	1,682
Insurance	4,629	4,632
Telephone	833	653
Bus shelter benches/equipment	43,572	4,097
Miscellaneous	<u>15,870</u>	<u>243</u>
Total general administration	<u>67,273</u>	<u>12,798</u>
Total operating expenses	<u><u>\$ 290,188</u></u>	<u><u>\$ 316,712</u></u>

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors
Kern Council of Governments
Bakersfield, California

To the City Council
City of California City
California City, California

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Streets and Roads Special Revenue Fund and the Kern Council of Governments (KCOG) Transportation Enterprise Fund of the City of California City, California (City), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as it relates to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. As part of the audit, we performed the testing of the following program:

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the PTMISEA. These funds are available to the California Department of Transportation (CalTrans) for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2017, the City received \$0 in funds and received \$27 in interest on funds. The City expended \$19,451 from the PTMISEA account.

Schedule of PTMISEA Proposition 1B Funds For the Fiscal Year Ended June 30, 2017	
Description	Amount
Balance - beginning of the year	\$ 89,020
Receipts:	
Receipt of funds	-
Interest accrued 7/1/16 through 6/30/17	27
Expenses:	
PTMISEA related expenses	19,451
Balance - end of year	<u>\$ 69,596</u>

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance relating to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance relating to the Streets and Roads Special Revenue Fund and the KCOG Transportation Enterprise Fund. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Kern Council of Governments, City management, the City Council, and the State Controller's Office and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 26, 2018

**CITY OF CALIFORNIA CITY
KCOG TRANSPORTATION ENTERPRISE FUND
STATUS OF PRIOR YEAR AND CURRENT YEAR
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Current Year Finding

Finding 2017-1

The City of California City (City) KCOG Transportation Enterprise Fund is subject to the Transportation Development Act (TDA) provisions requiring the calculation of, and adherence to, fare and local support ratios for TDA transit enterprise funding. Accordingly, the City's KCOG Transportation Enterprise Fund must maintain a minimum fare ratio of 10%. The fund's ratio of operating revenues to operating expenses for the fiscal years ended June 30, 2017 and 2016, is 8.17% and 7.53%, respectively, and shows the City is not in conformance with the provisions of TDA.

Recommendation

We recommend that the City take steps to increase its farebox revenue, increase local support, or decrease its operating expenses. Kern Council of Governments may assess a penalty in the fourth year if a claimant is out of compliance with the revenue recovery ratio requirements for three consecutive years.

Management Response

We are increasing our fares for our low income Senior housing clients: we will look at cutting expenses and pursue a TDA waiver.

Prior Year Finding

Finding 2016-1

The City of California City (City) KCOG Transportation Enterprise Fund is subject to the Transportation Development Act (TDA) provisions requiring the calculation of, and adherence to, fare and local support ratios for TDA transit enterprise funding. Accordingly, the City's KCOG Transportation Enterprise Fund must maintain a minimum fare ratio of 10%. The fund's ratio of operating revenues to operating expenses for the fiscal year ended June 30, 2016, is 7.53%, and shows the City is not in conformance with the provisions of TDA.

Recommendation

We recommend that the City take steps to increase its farebox revenue, increase local support, or decrease its operating expenses. Kern Council of Governments may assess a penalty in the fourth year if a claimant is out of compliance with the revenue recovery ratio requirements for three consecutive years.

Management Response

We are increasing our fares for our low income Senior housing clients: we will look at cutting expenses and pursue a TDA waiver.

Current Year Status

See Finding 2017-1.

CITY COUNCIL

Consent Agenda Item:
April 24, 2018

TO: Mayor the City Council

FROM: Craig Platt, Public Works Director

SUBJECT: Execution of Program Supplement Agreement No. 0Q75 Rev. 000 to Master Agreement No. 00390S for the Systemic Safety Analysis Report Program (SSARP).

.....
BACKGROUND:

The City of California City was allocated \$94,000 under the Systemic Safety Analysis Report Program (SSARP). The SSARP is a state-funded program established in 2016. The intent of this program is to assist local agencies in performing a collision analysis, identifying safety issues on their roadway networks, and developing a list of systemic low-cost countermeasures that can be used to prepare future Highway Safety Improvement Program (HSIP) and other safety program applications. This safety analysis study will benefit future projects as whole, eliminating the need to do safety/analysis report for each project submitted for federal funding.

City Staff proposes to conduct a Systemic Analysis to identify safety issues on the entire functional classification system roadway network within developed areas of the City. Especial emphasis on the California City Blvd. corridor from Hwy 14 to Hwy 58 within the City Limits. The report would specifically discuss California City Blvd.'s speed analysis, signalization, rehabilitation and widening needs. The objective is to prevent foreseeable accidents and evaluating this important principal arterial roadway segment. The objective of the proposed Systemic Safety Analysis Report is to identify and prioritize future safety projects in order to reduce the number and severity of crashes within the City. The report will help the City to better compete in future Caltrans' calls-for-projects for safety programs.

Caltrans is responsible for administering the funds and overseeing project delivery. The City entered into a Master Agreement 00390S for State Funded projects with Caltrans effective December 07, 2017. A Program Supplement Agreement has been sent by Caltrans to the City for the implementation of the aforementioned project. City Council authorization is required to authorize the City Manager and/or Public Works Director to sign and execute program supplement agreement No. 0Q75 Rev. 000 to Administering Agency-State Agreement for State Funded Projects No. 00390S before the City can be reimbursed for preliminary engineering work.

RECOMMENDATION:

Staff recommends that the City Council pass a resolution approving Program Supplement Agreement No. 0Q75 Rev. 000 for Project No. SSARPL – 5399 (027) and authorize the City Manager and/or Public Works Director to sign and execute the agreement.

FISCAL IMPACT:

The available funding for this project is \$94,000.00. The State match is \$84,600.00, and the local match is \$9,400.00.

The funding allocation was approved previously on November 14th, 2017.
Fund #27-4411-315 \$9400 Current Balance \$250,000.00

ENVIRONMENTAL ACTION:

None.

Attachments: Resolution
Program Supplement Agreement No. 0Q75 Rev. 000

CC 6.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY
APPROVING PROGRAM SUPPLEMENT AGREEMENT NO. 0Q75 Rev. 000 TO
ADMINISTERING AGENCY-STATE AGREEMENT FOR STATE FUNDED PROJECTS
NO. 00390S, FOR THE SYSTEMIC SAFETY ANALYSIS REPORT PROGRAM –
SSARPL – 5399 (027) AND AUTHORIZING THE CITY MANAGER AND/OR PUBLIC
WORKS DIRECTOR TO SIGN AND EXECUTE THE AGREEMENT**

WHEREAS, The City of California City entered into a Master Agreement for State Funded Projects with the State effective 12/07/17 under agreement No. 00390S; and

WHEREAS, Program Supplement Agreement No. 0Q75 Rev. 000 dated 02/23/2018 provides State funds for the Systemic Safety Analysis Report Program – SSARPL – 5399 (027); and

WHEREAS, the estimated cost of this project is \$94,000.00 and the State match per the agreement is \$84,600.00 and the local match is \$9,400.00; and

WHEREAS, the City Council of the City of California City agrees to the terms and conditions of the proposed supplemental agreement; and

NOW, THEREFORE, BE IT RESOLVED THAT: the City Council of the City of California City does hereby approve Program Supplement Agreement No. 0Q75 Rev. 000 for Project No. SSARPL – 5399 (027) and authorizes the City Manager and/or Public Works Director to sign and execute the agreement.

PASSED, APPROVED, AND ADOPTED on this 24th day of April 2018 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Denise Hilliker
City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN } SS
CITY OF CALIFORNIA CITY }

I, Denise Hilliker, City Clerk of the City of California City, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of California City on the _____ day of _____ 2018, by the following vote:

Denise Hilliker
City Clerk

DEPARTMENT OF TRANSPORTATION

Division of Local Assistance
1120 N STREET
P.O. BOX 942874, MS# 1
Sacramento, CA 94274-0001
TTY 711



File : 09-KER-0-CALC
SSARPL-5399(027)
Throughout the city of California
City

March 28, 2018

Mr. Gerald Helt
City Engineer
City of California City
2930 Union Ave
Bakersfield, CA 93305-3456

Dear Mr. Helt:

Enclosed are two originals of the Program Supplement Agreement No. 0Q75 Rev. 000 to Administering Agency-State Master Agreement No. 00390S and an approved Finance Letter for the subject project. Please retain the signed Finance Letter for your records.

Please sign both Program Supplement Agreements and return them to this office, Office of Local Programs - MS1 within 90 days from receipt of this letter. If the signed Agreements are not received back in this office within 90 days, funds will be disencumbered and/or deobligated. Alterations should not be made to the agreement language or funding. ATTACH YOUR LOCAL AGENCY'S CERTIFIED AUTHORIZING RESOLUTION THAT CLEARLY IDENTIFIES THE OFFICIAL AUTHORIZED TO EXECUTE THE AGREEMENT ON THE AGENCY'S BEHALF. A fully executed copy of the agreement will be returned to you upon ratification by Caltrans. No invoices for reimbursement can be processed until the agreement is fully executed.

The State budget authority supporting the encumbered funds is only available for liquidation up to specific deadlines. These deadlines are shown on the attached Finance Letter as the "Reversion Date". Please ensure that your invoices are submitted at least 60 days prior to the reversion date to avoid any lapse of funds. If your agency is unable to seek reimbursement by this date you may request an extension through a Cooperative Work Agreement (CWA). A CWA is subject to the final approval of the State Department of Finance. If approved, the CWA may extend the deadline for up to two years.

Your prompt action is requested. If you have questions, please contact your District Local Assistance Engineer.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Hoole'.

JOHN HOOLE, Chief
Office of Project Implementation - South
Division of Local Assistance

Enclosures

c: OLP AE Project Files
(09) DLAE - Forest Becket

DEPARTMENT OF TRANSPORTATION
DIVISION OF ACCOUNTING
LOCAL PROGRAM ACCOUNTING BRANCH

FINANCE LETTER

Date: 03/26/2018 EA No:
D_CO_RT: 09-KER-0-CALC
Project No: SSARPL-5399(027)
Adv Project Id: 0918000049

Attention: City of California City

Period of Performance End Date:
Agreement End Date:

FINANCE ITEMS	PRO RATA OR LUMP SUM	TOTAL COST OF WORK	PART. COST	STATE	LOCAL
State Furnished PE	Lump Sum	\$94,000.00	\$94,000.00	\$84,600.00	\$9,400.00
Totals:		\$94,000.00	\$94,000.00	\$84,600.00	\$9,400.00

Participation Ratio: 100.00%

This Finance Letter was created based on specific financial information provided by the responsible local agency. The following encumbrance history is prepared by Local Assistance Accounting Office and is provided here for local agency's information and action.

Signature: _____

Title: HQ Area Engineer

For questions regarding finance letter, contact:

Printed Name : Nahed Abdin

Telephone No: 916-653-7928

Remarks: SSARP

ACCOUNTING INFORMATION									SSARPL-5399(027)		Cooperative Work Agreement	
ADV. PROJECT ID	APPROP. UNIT	STATE PROG	FED/STATE	ENCUMBRANCE AMOUNT	APPROP YEAR	EXPENDITURE AMOUNT	ENCUMBRANCE BALANCE	REVERSION DATE	APPROVED AMOUNT	EXPIRATION DATE		
0918000049	17102	2030010550		\$84,600.00	1617	\$0.00	\$84,600.00	06/30/22				

PROGRAM SUPPLEMENT NO. Q75
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR STATE FUNDED PROJECTS NO 00390S

Adv Project ID Date: March 13, 2018
0918000049 Location: 09-KER-0-CALC
Project Number: SSARPL-5399(027)
E.A. Number:
Locode: 5399

This Program Supplement, effective 02/23/18, hereby adopts and incorporates into the Administering Agency-State Agreement No. 00390S for State Funded Projects which was entered into between the ADMINISTERING AGENCY and the STATE with an effective date of and is subject to all the terms and conditions thereof. This PROGRAM SUPPLEMENT is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. approved by the ADMINISTERING AGENCY on (See copy attached).

The ADMINISTERING AGENCY further stipulates that as a condition to the payment by the State of any funds derived from sources noted below encumbered to this project, Administering Agency accepts and will comply with the Special Covenants and remarks set forth on the following pages.

PROJECT LOCATION:

Throughout the city of California City

TYPE OF WORK: Systemic Safety Analysis Report Program

Estimated Cost	State Funds		Matching Funds	
	STATE		LOCAL	OTHER
\$94,000.00	\$84,600.00		\$9,400.00	\$0.00

CITY OF CALIFORNIA CITY

STATE OF CALIFORNIA
Department of Transportation

By _____

By _____

Title _____

Chief, Office of Project Implementation
Division of Local Assistance

Date _____

Attest _____

Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer _____

Date 3/14/18 \$84,600.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION
PROGRAM SUPPLEMENT AND CERTIFICATION FORM
PSCF (REV. 01/2010)

Page _1_ of _1_

TO: STATE CONTROLLER'S OFFICE Claims Audits 3301 "C" Street, Rm 404 Sacramento, CA 95816	DATE PREPARED: 3/14/2018	PROJECT NUMBER: 0918000049
	REQUISITION NUMBER / CONTRACT NUMBER: RQS - 2660 - 091800000113	

FROM:

Department of Transportation

SUBJECT:

Encumbrance Document

VENDOR / LOCAL AGENCY:

CITY OF CALIFORNIA CITY

\$84,600.00

PROCUREMENT TYPE:

Local Assistance

[illegible]

ADA Notice

For individuals with sensory disabilities, this document is available in alternate formats. For information, call (915) 654-6410 or TDD (916) -3880 or write Records and Forms Management, 1120 N. Street, MS-89, Sacramento, CA 95814.

SPECIAL COVENANTS OR REMARKS

1. All obligations of STATE under the terms of this Agreement are subject to the appropriation of resources by the Legislature and the encumbrance of funds under this Agreement. Funding and reimbursement are available only upon the passage of the State Budget Act containing these STATE funds.
2. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

3. ADMINISTERING AGENCY agrees to comply with the requirements in 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments.
4.
 1. This PROJECT is funded with State-Only funding from the Systemic Safety Analysis Report Program (SSARP). ADMINISTERING AGENCY agrees to administer PROJECT in accordance with the SSARP Guidelines under which the project was selected.
 2. The ADMINISTERING AGENCY agrees to follow all relevant State laws and requirements including the California Environmental Quality Act (CEQA).
 3. This PSA allows reimbursement of eligible PROJECT expenditures to the ADMINISTERING AGENCY for which the SSARP State funds are allocated. The effective State allocation date establishes the eligibility date for the ADMINISTERING AGENCY to start reimbursable work. Any work performed prior the effective allocation date is not eligible for reimbursement from the SSARP funds.
 4. ADMINISTERING AGENCY agrees that SSARP funds available for reimbursement will be limited to the amount allocated and encumbered by the STATE consistent with the

SPECIAL COVENANTS OR REMARKS

scope of work in the STATE approved application. Funds encumbered may not be used for a modified scope of work after a project is awarded unless approved by the Statewide SSARP Coordinator prior to performing work.

5. ADMINISTERING AGENCY agrees to the program delivery and reporting requirements established by the SSARP Guidelines. The study and the Systemic Safety Analysis Report (SSAR) must be completed within thirty-six (36) months of the funding allocation. The Final Report of Expenditure, the final invoice and the SSAR report must be submitted to the DLAE within six (6) months of the report completion.

CITY COUNCIL

April 25, 2017

TO: Mayor and City Council

FROM: Craig C Platt, Public Works Director

SUBJECT: TDA Unmet Transit Needs Public Hearing

BACKGROUND:

The Transportation Development Act (TDA) of 1971, provides two funding sources:

1. Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected statewide.
2. State Transit Assistance fund (STA), which is derived from the statewide sales tax on gasoline and diesel fuel.

The TDA funds a wide variety of transportation programs, including planning and program activities, pedestrian and bicycle facilities, community transit services, public transportation, and bus and rail projects.

Public participation is a key component of TDA. Public meetings are held in eligible counties to discuss transportation needs and hear concerns.

In order to qualify for funding under TDA, a transit claimant must maintain a ratio of fare revenues to operating cost at least equal to the ratio it had during 1978/79, or 10 percent if the claimant is in a non-urbanized area, whichever is greater.

A governing body's resolution or minute order which makes the following finding:

"There are no unmet transit needs that are reasonable to meet".

Current TDA and LTF fund balances/ for California City is \$ 898,517.66.

RECOMMENDATION:

Conduct the Unmet Transit Needs Public Hearing. Determine a need finding and authorize the attached resolution, if appropriate.

FISCAL IMPACT:

Dial-a-Ride Fund Revenue/ Transit Article 6.5 Fund # 54-3364 \$ 898,517.66

ENVIRONMENTAL ACTION:

None

ATTACHMENT:

Resolution

PH 1.

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CALIFORNIA CITY DETERMINING THAT CALIFORNIA CITY HAS NO UNMET
TRANSIT NEEDS THAT CANNOT REASONABLY BE MET BY THE
EXISTING SYSTEM**

WHEREAS, Title 21 of the California Administrative Code Section 6658 implementing the Transportation Development Act requires the Kern Council of Governments (Kern COG) to find the City has no unmet transit needs that cannot reasonably be met prior to approving the City's use of Transportation Development Act monies for street and road projects; and

WHEREAS, in addition to annually holding its own public hearing (as required by Transportation Development Act regulations) Kern COG requires all agencies intending to file claims to use Transportation Development Act funds for street and road projects to hold a public hearing to identify transit needs within their respective jurisdictions; and

WHEREAS, on April 24, 2018, Council held a duly noticed public hearing at which all persons desiring to comment on transit needs were given the opportunity to address, and were heard by, the Council; and

WHEREAS, the Council has responded to comments received at the public hearing and concluded there are no unmet transit needs that cannot reasonably be met within the City of California City; and

NOW, THEREFORE, the City of California City resolves the following:

1. The facts recited herein above are true and this Council has jurisdiction to consider and make determinations in the matters herein mentioned.
2. Based on comments received from the public, this Council hereby determines there are no unmet transit needs that cannot reasonably be met within the City.
3. The City Clerk shall forward a copy of the Resolution to the Kern Council of Governments.

PASSED, APPROVED AND ADOPTED on April 24, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jennifer Wood, Mayor

ATTEST:

Denise Hilliker, City Clerk

(SEAL)

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council
FROM: Robert Stockwell, City Manager
SUBJECT: Medical Cannabis Permit Awards Round 4

BACKGROUND:

West Coast AML Services (WCAMLS) and City Staff have completed the rankings for the fourth round of applicants for the Medical Cannabis permits. Per Ordinance 17-757, which went into effect December 28, 2017, limitations were eliminated on the number of Medical Cannabis Cultivation and Manufacturing businesses.

Out of the fourth round, 7 companies have scored above 80% in their combined scores from Phase II and Phase III and are presented in the attachment. The permits are currently conditional until the Live Scan process has been completed but it does allow those businesses identified the ability to start moving forward with their development plans.

RECOMMENDATION:

Council discuss, take public comments and award the 15 Cultivators, 3 Manufacturing and 4 Distribution permits as presented based on the qualified applicants receiving scores 80% or higher in their combined scores for Phases II & III.

FISCAL IMPACT:

No added expense to the General Fund; however future revenue to the City in the form of fees and taxes.

ENVIRONMENTAL ACTION:

None.

ATTACHMENT A:

Listing of Cannabis applicants

ATTACHMENT A

Herbud Lite – PASS

(1) Cultivation – APN 302-273-36

Colina Green – PASS

(1) Distribution) – APN 206-042-19

W.L.D. Wellness – PASS

(1) Cultivation – APN 206-042-31

California for Cannabis – PASS

(1) Distribution – APN 206031-20

New Co2 – PASS

(1) Cultivation – APN 216-010-15

(1) Manufacturing – APN 216-010-15

(1) Distribution – APN 216-010-15

Soft Gold – PASS

(1) Distribution – APN 216-010-04

Dust to Diamonds – PASS

(12) Cultivation – APN 225-193-01

(2) Manufacturing – APN 225-193-01

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

FROM: Bob Stockwell, City Manager
Scott E. Porter, Assistant City Attorney

SUBJECT: Amendment #3 to Power Purchase Agreement with GES Megaseven, LLC (as successor in interest to American Solar LLC)

.....

Recommendation:

Staff recommends that the City Council approve a motion to authorize the City Manager to enter into:

1. The Third Amendment to Power Purchase Agreement between GES Megaseven, LLC in a form substantially similar to that shown in Exhibit D to this staff report; and
2. The First Amendment to the Real Property Rental Agreement among GES Megaseven, LLC, Jerry and Dolores Stefek Family Trust and the city in a form substantially similar to that shown in Exhibit G to this staff report.

Background:

Original Agreement. As shown in Exhibit A, effective August 19, 2014, the city entered into a Power Purchase Agreement ("PPA") with American Solar Utility LLC. American Solar was to install a photovoltaic (PV) solar array, and the city would purchase the electricity from American Solar at the price of 9.5 cents per kWh (which amount increases 1.5% each year). The PPA included a provision guaranteeing that the city would save no less than \$50,000 per year as a result of the PPA.

Amendment #1. As shown in Exhibit B, effective November 10, 2015, the PPA was amended a first time to, among other things, establish that the PPA would be subject to the RES-BCT rate tariff established by Southern California Edison ("Edison"). Because the new tariff would likely generate less savings than originally projected for the city, the PPA was amended to lower the purchase price by 1 cent per kWh to 8.5 cents per kWh.

Amendment #2. As shown in Exhibit C, effective January 12, 2016, the PPA was amended a second time to substitute GES Megaseven LLC (GES) as a successor in interest to American Solar. In exchange for the city agreeing to the substitution, GES agreed that its insurance policy would list the city as an additional insured.

GES has since constructed the photovoltaic solar facility. GES has indicated that if the proposed Amendment #3 is signed, GES it will cause the power facility to begin producing power within a matter of weeks, if not days, of the city entering into the proposed agreement #3.

NB 1.

Proposed Amendment #3. As shown in Exhibit D, GES has requested a number of revisions to the PPA, as shown in **Exhibit D** to this staff report. GES has informed the city that the existing agreement does not include certain legal verbiage that most lenders would require before providing financing. GES indicates that it is likely that upon approval of the Amendment #3, GES would obtain financing secured by the expected revenue from the PPA, and the ownership of the solar facility that has been constructed. GES has stated that it is exploring the possibility of using that available cash to construct an additional solar facility elsewhere in the city for a private party.

To induce the city to accept the requested revisions, GES has agreed to pay the city \$75,000.

Many of the proposed revisions include language that give financial priority to lenders in the event of default or bankruptcy. Staff determined that it is unlikely, but not impossible, that the city would ever invoke the protections GES is requesting be removed.

The most significant revision is the removal of GES's guarantee that the city will save at least \$50,000 per year. In a related vein, Exhibit 5, which establishes how cost savings are to be calculated, would also be removed. Initially, city staff was quite skeptical whether this was in the best interest of the city.

However, as shown in Exhibit E, an independent consultant (with no ties to GES) determined under the proposed Amendment #3 to the PPA, the city would be expected to save \$115,257 in the first year with the savings increasing over time, assuming that energy prices increase at a rate greater than 1.5% per year, and therefore that it is unlikely that the city would ever benefit from the existence of the guarantee. The consultant's complete report is attached as **Exhibit A** to this Staff Report.

If the city accepts removal of this guarantee, the city would be accepting the risk that in any given year the solar facility would produce only 43% (or less) of the expected electricity output. If this occurred, then to the extent that the production was less than 43%, the city would have less than the \$50,000 per year savings. By way of example, if in the first year the facility produced only 40% of the expected amount, then the city would be expected to save only 40% of the \$115,000, or \$46,102 – a loss of \$3,898 to the city (as compared to the guaranteed savings of \$50,000 per year).¹

The consultant believes it unlikely that the city will ever save less than \$50,000 per year for two reasons. First, GES has substantial economic incentives to ensure that the system produces power at the maximum possible amount, and therefore can be expected to take all reasonable actions to ensure that the facility is producing power at the maximum rate possible. Second, GES has installed numerous electronic monitoring systems to ensure that the system produces power at the maximum amount possible. GES should know within days or even weeks whether the system is producing power at a rate lower than expected. The Consultant indicated that if an array or set of arrays is off-line, systems are

¹ Due to Edison's different prices for "summer" electricity than "winter" electricity, if an outage were to occur during the "summer" months, it would take closer to 4 months of outages for the city to cause the city to have less than \$50,000 in savings, whereas if outages occurred solely during the "winter" months, it would take closer to 7 or 8 months.

typically fixed within a matter of days or weeks, rather than months. As such, it is unlikely that the system would be off-line for a period of many months.

That is, the consultant informed staff that it is unlikely that in any given year, the city would ever save less than \$50,000, and therefore, the removal of this provision is unlikely to negatively affect the city. This is particularly true because section 7 of Exhibit 1 to the amended agreement still includes a provision which requires GES to pay the city 2 cents per kWh (measured over two years), should GES fail to produce the guaranteed amount of energy. In other words, although there will no longer be a legal obligation to produce cost savings, it is unlikely that the city would ever benefit from the existence of the \$50,000 per year guarantee.

Sublease Revision. In 2015, GES entered into a long-term lease of real property (the "Property") owned by the Jerry & Dolores Stefek Family Trust ("Trust"). GES constructed the solar facility on the Property. As shown in Exhibit E, effective January 12, 2016, the city, GES, and the Trust entered into two agreements whereby the city subleases portions of the Property from GES for one dollar. The solar facility was built on the portion of the property the city subleases, and slightly onto the rest of the property.

GES proposes to amend the rental agreements in the form shown as Exhibit G, with the following main effects. First, the agreement would be revised to cause the city to lease a slightly larger area, to ensure that the entire solar facility is on the subleased property. Second, there were some changes which reduce the city's powers over the facility if GES has financial problems such as a bankruptcy. Third, the city is given more control of the property in an effort to ensure that the property will qualify for Edison's RES-BCT tariff, the tariff that will save the city the most money.

Fiscal Impact

Within 30 days of execution of the Agreement, GES Megaseven will pay the city \$75,000. It is expected that GES Megaseven will begin generating power shortly after the city signs the agreement, and therefore, the city's cost savings will begin more quickly than they might otherwise. The Consultant predicts that the Power Purchase Agreement, as revised, will save the city approximately \$115,257 in the first year, with savings expected to increase going forward, assuming that energy costs increase at a rate exceeding the 1.5% annual price increase guaranteed in the PPA.

Environmental Action: None.

Exhibit A: Original PPA

Exhibit B: Amendment #1 to PPA

Exhibit C: Amendment #2 to PPA

Exhibit D: Proposed Amendment #3 to PPA

Exhibit E: Report from Birndorf Consulting, LLC

Exhibit F: Existing Property Rental Agreement

Exhibit G: Proposed First Amendment to Property Rental Agreement

ORIGINAL

POWER PURCHASE AGREEMENT (PPA)

For the purchase of energy
supplied by renewable resources

The City of California City

Located within Kern County, California

Contacts:

Power Purchase Agreement Attachments "PPA" and Exhibits

Power Purchase Agreement (PPA)

- Exhibit 1 – Pricing, Guaranteed Minimum Production, Billing Methodology
- Exhibit 2 – Billing Formulas and Examples
- Exhibit 3 – Sample Invoice
- Exhibit 4 – Termination Fee Schedule
- Exhibit 5 – Actual Yearly Savings Calculation

POWER PURCHASE AGREEMENT (PPA)

THIS POWER PURCHASE AGREEMENT (the "PPA") is made this 19th day of August, 2014 (the "Effective Date") by and between The City of California City ("BUYER") located at 21000 Hacienda Blvd. California City, CA 93505 and American Solar Utility LLC ("SELLER") a California limited liability company located at 1470 Civic Ct. Concord, CA 94520. BUYER and SELLER are sometimes referred to in this PPA collectively as the "Parties" and each, individually, as a "Party".

WHEREAS, BUYER and SELLER desire to agree to terms for the production and sale of renewably generated electricity to serve BUYER's facilities by way of this PPA. BUYER has pumping stations and other uses of electricity within the City boundaries and owned property that SELLER plans on offsetting that energy usage with energy generated from SELLER's System.

WHEREAS, SELLER has leased 40 acres of property within the city limits of California City and desires to build a 1.7 MW ac PV solar system for generating renewable energy electricity. A portion of the property will be used to supply BUYER power for net-metering interconnection to the Southern California Edison grid.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

In addition to the terms that are defined elsewhere in this PPA, the following terms have the following meanings when used herein:

- 1.01 "Annual Degradation Factor" is defined in Exhibit 1 Section 2.
- 1.02 "Applicable Laws" refers to the laws of the State of California.
- 1.03 "BUYER" means the City of California City (also known herein as the "City"), that is within the County of Kern and State of California. BUYER includes all of its governmental organizations or agencies.
- 1.04 "Commercial Operation Date" means the date of receipt of Southern California Edison (SCE) approval for operation of the system.
- 1.05 "Contract Price" means the price of Electricity pursuant to Exhibit 1 of the PPA.
- 1.06 "Electricity" means electrical energy, measured in kilowatts and kilowatt-hours that (a) is produced by the System, (b) is delivered by SELLER to BUYER at the Electrical Interconnection Point(s), and (c) conforms to applicable utility and/or authoritative regulatory body standards.
- 1.07 "Electrical Interconnection Point" means the point(s) specified in the project design where the System connects to the existing electrical systems or newly established electrical systems serving the Facilities.

- 1.08 **"Energy Management System"** means the American Solar Utility LLC automatic controls system capable of receiving energy production data from the System.
- 1.09 **"Energy Service Provider"** means an investor owned Utility, a municipal utility, or other electricity provider that serves electricity commodity to the Facility and/or BUYER. The Energy Service Provider herein is Southern California Edison (hereinafter known as "SCE" or "Utility").
- 1.10 **"Environmental Law(s)"** means each and every applicable federal, state, and local law, statute, ordinance, regulation, rule, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement of each and every federal, state, and local governmental agency or other governmental authority pertaining to the protection of human health and safety or the environment.
- 1.11 **"Expected Production"** set forth in Exhibit 1.
- 1.12 **"Facility" or "Facilities"** means the land or improvements owned, leased, and/or operated by either Party on which the System will be installed; possible system installation on BUYER property dependent on BUYER'S written approval. The planned System to be built will be located on SELLER's leased property with a portion of said property dedicated to producing electricity to the BUYER through a Net-Metering arrangement.
- 1.13 **"Failure to Achieve Guaranteed Minimum Production Penalty"** set forth in Exhibit 1.
- 1.14 **"Fiscal Year"** means BUYER'S Fiscal Year, beginning on July 1st of each calendar year and ending on June 30th of the following calendar year.
- 1.15 **"Force Majeure"** means an act of God or nature (such as earthquakes, fires, riots), actions or inaction's of a regulatory authority, or actions of others such as strikes, lockouts, or other industrial disturbances, not within the control or arising from the fault of the party claiming Force Majeure. Any party claiming Force Majeure shall advise the other party as soon as possible of the occurrence of the event and shall provide the other party with the basis of the claim, in writing, within ten (10) days of the occurrence of the event. Parties shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance. A change in law (City, County, State or Federal) or changes made by the California Public Utilities Commission ("CPUC") or Federal Energy Regulatory Commission ("FERC") that negatively affects the ability of the SELLER to provide the electricity to the BUYER constitute a Force Majeure action..
- 1.16 **"Guaranteed Minimum Production"** as described in Exhibit 1.
- 1.17 **"Hazardous Material"** means, without limitation, any substance defined as hazardous substance, hazardous waste, extremely hazardous waste, or material known to cause cancer or reproductive toxicity, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1317 et seq.; Sections 25115,

25117, 25122.7, 25140, 25249.5, 25249.8, 25281, 25316 or 25501 of the California Health & Safety Code; and any substance regulated pursuant to any Environmental Law(s). The term Hazardous Material includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCBs") and petroleum.

- 1.18 "**Interest Rate**" means the then-current prime rate for Wells Fargo, N.A., as that rate is announced from time to time.
- 1.19 "**Lender**" means any financial institution, private Limited Liability Company, Corporation, or other privately held entity to which SELLER has pledged or collateral assigned SELLER's rights under this PPA and its rights to payment and a first security right in the System.
- 1.20 "**Operational Year**" means each twelve-month period commencing on each anniversary of the Commercial Operation Date.
- 1.21 "**Net-Metering**" is a service to an electric consumer of the Utility company under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric Utility to the electric consumer during the applicable billing period.
- 1.22 "**PPA**" means this Power Purchase Agreement, in its entirety, between the Parties for the purchase and sale of Electricity from the System.
- 1.23 "**Renewable Energy Credit/s**" and or "**REC/s**" means renewable energy credit(s) or; certificates, emission reduction credits, investment credits, production tax credits, emission allowances, green tags, tradable renewable credits, and or products related to renewable energy production and is a commodity that is; based upon system size, and/or separated/unbundled from electric service or production.
- 1.24 "**SELLER**" means the party to this PPA that will install and own the System and sell Electricity to the BUYER at the Facility. This may consist of a new or different entity or fund that has been designated herein as the SELLER.
- 1.25 "**State**" means the State of California.
- 1.25 "**System**" means the integrated assembly of photovoltaic panels, mounting assemblies, inverters, converters, meters, lighting fixtures, transformers, ballasts, disconnects, combiners, switches, wiring devices, and wiring installed at the Facility for the purpose of generating Electricity to be purchased by the BUYER.
- 1.26 "**Term**" has the meaning set forth in Section 3.
- 1.27 "**Termination Fee**" means the payment by BUYER, described in Exhibit 4 hereof, upon early termination of this PPA.
- 1.28 "**Utility**" means the local provider of electric transmission and distribution services to BUYER in the absence of the System. This is Southern California Edison which serves the California City area electricity through the electrical grid.

2 AGREEMENT

- 2.1 Sale of Electricity by SELLER. SELLER will sell to BUYER all grid tied Electricity produced by the System during the Term, at the price per kilowatt-hour as specified in Exhibit 1. SELLER maintains all rights to the REC/s produced and or generated from the System and consistent with Section 6 and Exhibit 1 Section 5.
- 2.2 Purchase of Electricity by BUYER. BUYER will purchase from SELLER all Electricity that meets the specifications set forth in Exhibit 1. Notwithstanding the foregoing, nothing contained within this Agreement shall prevent BUYER from entering into an agreement with any other party regarding purchase of electricity.
- 2.3 Installation of System Components. SELLER will install the system components necessary to deliver the renewable energy provided by SELLER at or on the Facility. The renewable energy will be generated at the facility and is solely at the option of the SELLER to determine the best solution for each site and/or selected for offset under this PPA.
- 2.4 Services Provided by SELLER. SELLER will provide electricity pursuant to Exhibit 1 of this PPA.
- 2.4.1 METER. SELLER will measure the actual amount of Electricity generated and the amount utilized / delivered to BUYER by the SELLER at each of the Electrical Interconnection Points utilizing a commercially available revenue grade interval data-recording meter (the "Meter"). The Meter and its associated service account/s are to be under the name of the BUYER with the Utility. Meter location/s and allocated Electricity from the System in Kilowatt Hour/s ("kWh/s") to those Meters will be agreed to by the Parties in the application sent for Net-Metering to the Utility. The System located at the Facility will generate Electricity that passes through the Meter and records the generated renewable energy Electricity in Kilowatts. The Meter is then downloaded and provides incremental time periods that then are translated into kWh's and then credit applied for Time of Day ("TOD") or Time of Use ("TOU") multipliers for economic or dollar value provided in Utility company Tariff. This value offsets the charges that the Utility bills BUYER for.
- a. The Meter shall be installed and maintained at SELLER's expense and shall have standard industry telemetry capabilities. SELLER shall make the Meter data readily available in secure web format to BUYER upon request. Should the facility be located on BUYER owned and operated property, BUYER will allow internet access for meter reading through the telecom room and allow connection through the buildings or facilities to connect to that circuit. Local electrical power will be supplied by BUYER, via the meter/s, to power secure router/s and switch/es.
 - b. SELLER will have the Meter calibrated every five years at SELLER's expense by a *certified*, independent, third party. SELLER shall provide notice of the testing to BUYER at least ten (10) business days prior to the test date. SELLER shall provide signed copies of the results of the Meter calibration test BUYER. SELLER shall test the Meter at any reasonable time upon the request of BUYER. BUYER shall reimburse SELLER for the cost of any test requested by BUYER, unless such testing demonstrates that the Meter was operating outside of industry standard tolerance allowances or as such defined by the California Public Utilities Commission for meter calibration and operation.

- c. If a Meter is determined to be inaccurate and such inaccuracy exceeds industry standard tolerance allowances, as such are defined by the California Public Utilities Commission for electric meters, and if it is unknown when the Meter inaccuracy commenced, then the invoices covering the period of time since the last Meter test shall be adjusted for the amount of the inaccuracy on the assumption that the inaccuracy persisted during one half of such period. Adjustments that benefit the BUYER shall be reflected on the next invoice following the date of determination of the inaccuracy. Adjustments that benefit SELLER shall be included on SELLER's next invoice to the BUYER.

2.4.2 Billing System: SELLER will bill BUYER and BUYER will pay SELLER for Electricity at the rate and in the manner set forth in Exhibits 1, 2, and 3.

2.4.2.1 Customer Service: SELLER will provide the following during the Term:

- a. SELLER will produce and send bills to BUYER or its designee within fifteen (15) business days after the end of each billing cycle.
- b. SELLER will post Meter reads to a password protected web site and make this web site available to BUYER.

2.4.2.2 Billing Validation and Verification. BUYER may during the Term conduct occasional billing inquiries, validation and verification activities, or reconciliation procedures. During such BUYER inquiries, activities, and procedures, SELLER shall provide BUYER with the data and other information, including any billing algorithms and interval Meter data representing System output, used to generate billing determinants. BUYER will use its best efforts to provide or arrange for Utility metered interval data and billing data and information that can support SELLER's billing process, either directly through a data file transmission, receipt through regular mail services, or through the appropriate and established arrangement with the Utility. For purposes of this paragraph, Parties agree that "Best Efforts" means that the BUYER will authorize the applicable Utility to provide metered interval data and billing data and information directly to the SELLER, as per the Utility's rules and applicable regulations.

2.5 Maintenance of Facility. At all times during the term of this Agreement, SELLER shall maintain the System in compliance with all performance standards under federal, state, or local regulation and shall ensure the System is safe and in good working condition.

3 TERM AND TERMINATION

TERM. The Term of this PPA shall commence on the Effective Date and shall continue to apply for a period ending at 11:59 P.M. on the day preceding the twentieth anniversary of the Commercial Operation Date unless terminated earlier by a party pursuant to the terms of this PPA.

3.1 BUYER Termination Rights. BUYER shall have the right to terminate this PPA as follows:

3.1.1 For Cause. BUYER may terminate this PPA (a) pursuant to Section 10.2, below as a result of SELLER's default; or (b) thirty (30) days after delivery of written notice to SELLER and any Lender who has a security interest in the System if a Force Majeure event has

occurred and SELLER is unable to produce Electricity for more than 180 consecutive days.

3.1.2 For Convenience. In addition to the termination rights in Section 3.1.1, above, BUYER may terminate this PPA for convenience, sixty (60) days after delivery of written notice to SELLER and any Lender. If BUYER terminates this PPA for convenience pursuant to this section BUYER shall pay SELLER a Termination Fee as described and calculated in Exhibit 4, attached.

3.2 SELLER Termination Rights. SELLER shall have the right to terminate this PPA at any time on ninety (90) days written notice to BUYER, without further liability, if any of the following occur: a) If, prior to the first date of scheduled delivery of Electricity, SELLER determines that the System cannot be built as planned or that its construction and operation would not be economically viable for the SELLER, including SELLER's determination that the installation of the System is not economically viable as a result of the need to comply with any environmental regulation. SELLER will be responsible for repairing any damage to any BUYER owned or leased property arising from activities conducted by SELLER pursuant to this PPA and shall reimburse BUYER for any direct costs associated with negotiation, review and approval of the PPA, reasonable alteration to the physical area in or around the Facility site if Facility is located on BUYER owned or leased property; b) Upon occurrence of a Force Majeure, including, but not limited to; SELLER's inability, after diligent efforts, to obtain or maintain required approval or permits from any governmental authority for the installation or operation of the System, change to the contracts signed with SCE, or inability to receive any incentive or REC, by SELLER, material to the financial viability of the system; c) In the event that, through no fault of SELLER and for other than a Force Majeure event, the System is permanently shut down due to renovation, damage, destruction or closure of the Facility, and the Parties cannot agree upon an alternative location for the System (as defined in Section 12.2); d) Upon an Event of Default by BUYER (as defined in Section 10.3).

3.3 Removal upon Termination. It is understood and agreed that the BUYER, as a municipal entity, has a strong interest in preserving a compatible and harmonious environment within the City and an interest in preventing nuisances and/or eyesores resulting from abandoned or disused facilities. Upon termination of this Agreement, SELLER shall, within three hundred and sixty five days (365) days, remove the System at its own cost and shall otherwise restore the real property underlying the System to its pre-installation condition, reasonable wear and tear and casualty excepted

3.4 Notwithstanding the foregoing, SELLER will be excused from the obligation to remove the System to the extent SELLER has committed to sell Electricity from the System, or portion thereof, to another party, as evidenced by an executed agreement for such sale

4 ENVIRONMENTAL COMPLIANCE

If SELLER has not yet completed its analysis and related obligations under CEQA as of the Effective Date, SELLER shall not be required to install the System until the CEQA is completed and a building permit has been issued by the lead governmental agency.

5 GUARANTEED MINIMUM PRODUCTION

SELLER has estimated that the System will deliver the Expected Production as indicated in Exhibit 1. SELLER Guaranteed Minimum Production from the System is defined as and

calculated by multiplying 80% of the Expected Production from the System over the course of an Operational Year commencing with the Commercial Operation Date. If SELLER fails to meet the Guaranteed Minimum Production requirement on an Operational Year basis, for reasons other than the BUYER's shading of the System, as described in Section 13 below, SELLER will pay BUYER, or BUYER may, at its option, offset against future payments due SELLER, an amount equal to the Failure to Achieve Guaranteed Minimum Production Penalty. The formula for calculating the Failure to Achieve Guaranteed Minimum Production Penalty is found in Exhibit 1 section 7 to this PPA. If SELLER fails to pay BUYER the amount due for any annual shortfall of the Guaranteed Minimum Production within 60 days after notice to make such payment, BUYER shall have the express right to withhold payment, up to the shortfall amount due. BUYER agrees that System performance will degrade by an Annual Degradation Factor as indicated in Exhibit 1 Section 2 of this PPA for every year of operation. As reflected in Table 1.1 of Exhibit 1, the Expected Production will be reduced by the Annual Degradation Factor every Operational Year for the term of this PPA. The Annual Degradation Factor will be applied to the kWh energy values of the Expected Production at the beginning of each Operational Year. A determination on whether or not the SELLER has met the Guaranteed Minimum Production will be made on a biennial basis commencing with the end of the second Operational Year after Commencement of Operations. An Annual Degradation Factor will be applied on a pro rata basis for System operations that do not span an entire Operational Year by multiplying the Annual Degradation Factor times the fraction of the Operational Year.

6 POTENTIAL REVENUE FROM RENEWABLE ENERGY CREDITS

SELLER will own 100% of all REC's associated with this project. SELLER may, at its sole discretion, market and/or sell the REC's at any time. All proceeds of REC sales will belong to SELLER.

7 REBATES AND OTHER INCENTIVES

Any grant, rebate, incentive payment or credit by the Utility, the Federal Government, the California Energy Resources Conservation and Development Commission or any other agency paid as a result of the design, construction, operation and/or grid connection of the System shall inure to the benefit of the SELLER. BUYER will cooperate in good faith, at no cost to BUYER, as necessary to enable SELLER to obtain all available incentives and rebates, including assignment to SELLER of any rebate or incentive received by BUYER.

7.1 CALIFORNIA SOLAR INITIATIVE ("CSI")

The SELLER will file / apply for a CSI reservation for this project to the California Center for Sustainable Energy ("CCSE") in coordination with the Utility. The BUYER shall be designated as the HOST and SELLER as the OWNER and APPLICANT as required in the CSI Handbook. BUYER agrees to pass through all incentive payments received to the SELLER within 30 business days from receiving payment/s. If the CSI payment is not passed through within the 30 day period then the BUYER shall be charged 2.25% interest per month on the balance of the payment not received. All cost associated with the application for a reservation will be paid for by the SELLER. The BUYER shall reimburse the SELLER for all application and reservation fees and cost if the SELLER does not build the Systems and receive the incentive but BUYER is able to use the incentive. This

reimbursement shall be made upon a re-designation, change, and or assignment of the OWNER and or APPLICANT named on the reservation. This reimbursement shall be made within 30 business days from the change in the reservation document submitted to the Utility and or CCSE and shall not exceed the amount of the incentive received by Buyer. The SELLER has included the incentive to lower the System development cost to for that SELLER can provide a lower kWh Electricity rate that is reflected in this PPA.

8 EMERGENCIES

In cases of emergency in which BUYER determines that the continued operation of the System presents an imminent threat requiring immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public services, the Parties agree that BUYER may disconnect the System from the point of interconnection prior to notification of SELLER. If BUYER disconnects the System pursuant to this provision, BUYER will notify SELLER no later than 8 hours after the System is disconnected. The Parties agree that only SELLER or an agent designated by SELLER will be authorized to reconnect the System after the System is disconnected by BUYER pursuant to this emergency section.

9 COMMUNICATIONS AND CONTACTS

The representatives of the parties during the term of this PPA will be:

EMERGENCY CONTACT SELLER:	EMERGENCY CONTACT BUYER:
Name: Dennis R. Mueller	Name: TBD
Phone: 916-223-0062	Phone:
Email: dmueller@americansolarutility.com	Email:

10 DEFAULT

10.1 Waiver. A waiver by either party of any term, covenant or condition of this PPA shall not constitute a subsequent waiver of the same or any performance thereof by the other party.

10.2 Default by SELLER. At the option of BUYER as the non-defaulting party, the occurrence of any of the following shall constitute a material default and breach of this PPA:

10.2.1 SELLER's failure to deliver Electricity, that is not through a Force Majeure event/s, from the System for a continuous period of ninety (90) days or for one hundred and twenty (120) days in any six month period.

10.2.2 Unreasonable interference by SELLER with the operations of BUYER at the Facility, if the interference is curable by suspension of operation of the System and SELLER fails to suspend operation of the System within 96 hours of BUYER'S notice to SELLER regarding the interference.

10.2.3 The filing of a petition to have SELLER adjudicated bankrupt, or the filing of a *petition for* reorganization or arrangement under any law relating to bankruptcy unless in the case of

a petition filed against SELLER, the same is dismissed within one hundred and twenty (120) days; or the appointment of a trustee or receiver to take possession of substantially all of SELLER's assets located on the Facility or of SELLER's interest in this PPA, when possession is not restored to SELLER within ninety (90) days; or the attachment, execution or other judicial seizure of substantially all of SELLER's assets located on the Facility or of SELLER's interest in the License, when such seizure is not discharged within one hundred and twenty (120) days.

- 10.2.4 Failure by SELLER to perform or comply with any other material term of the PPA within ninety (90) days after written notice to SELLER and any Lender by BUYER, unless BUYER agrees in writing to a longer period to cure the default.
- 10.2.5 BUYER Remedies. If any default by SELLER shall continue uncured, following notice of default where required herein, for the period applicable to the default alleged, BUYER may resort to any one or more of the following remedies:
- 10.2.6 Termination. BUYER may terminate this PPA by providing written notice to SELLER indicating that the PPA has been terminated.
- 10.2.7 Recovery of Damages and Expenses. BUYER may recover from SELLER any damages and expenses reasonably incurred as a result of SELLER's Default, including attorneys' fees and the cost to repair the Facility to near pre-installation condition. BUYER is not entitled to damages for future energy production or saving after the termination of the PPA has occurred and thereafter, including the entire remaining Term of this PPA and residual value. BUYER agrees not to claim damages against SELLER for loss of business, loss of revenue or business interruption.

LIMITATION OF LIABILITIES: EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PPA, NEITHER BUYER NOR SELLER NOR ANY OF EITHER OF THEIR SUCCESSORS OR ASSIGNS, OR THE RESPECTIVE MANAGERS, SUPERVISORS, SHAREHOLDERS, MEMBERS, PARTNERS, ASSIGNS, DIRECTORS, OFFICERS, PUBLIC OFFICIALS, AGENTS OR EMPLOYEES OR REPRESENTATIVES OF EITHER OF THEM, SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING REVENUES FROM LOST POWER, LOSS OF USE, COST OF CAPITAL, LOSS OF GOODWILL, LOSS OF REVENUES OR PROFIT AND THE BUYER AND SELLER EACH HEREBY RELEASES THE OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY. THE FOREGOING EXCLUSION SHALL NOT BE CONSTRUED TO LIMIT RECOVERY UNDER ANY INDEMNITY. IN NO EVENT SHALL EITHER PARTY'S TOTAL AGGREGATE LIABILITY FOR THE DAMAGES OF THE OTHER PARTY (INCLUDING PERSONS CLAIMING THROUGH THE OTHER PARTY) UNDER ANY EQUITY, COMMON LAW, CONTRACT, ESTOPPEL, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHER THEORY, REGARDLESS OF THE FORM OF ACTION, ARISING OUT OF THE AGREEMENT EXCEED THE PPA REMAINING YEARLY SUMS AS SHOWN IN EXHIBIT 1, SECTION 1, TABLE 1.1, COLUMN 80% OF EXPECTED COST.

- 10.2.8 Right of Offset. BUYER may elect to offset any damages resulting from SELLER's default against any monies owing or to be owed to SELLER under this PPA. If BUYER elects not to terminate the PPA following an Event of Default by SELLER then the default shall be

cured and put the SELLER back into good standing, this election shall not constitute a waiver by BUYER as to any subsequent Event of Default by SELLER.

10.3 Default by BUYER. At the option of SELLER as the non-defaulting party, the occurrence of any of the following shall constitute a material default and breach of this PPA:

10.3.1 BUYER'S failure to pay undisputed invoices for a continuous period of 180 or more days

10.3.2 The renovation, damage, destruction or closure of the Facility, for other than a "**Force Majeure**" event, which results in the permanent shutdown of the System at the Facility, if BUYER and SELLER are unable to agree upon an alternative location for the System as defined in Section 12.2 below.

10.3.3 BUYER'S refusal to sign authorizations reasonably required by SELLER to obtain any rebate, incentive, or subsidy contemplated in Section 7 above or BUYER'S refusal to sign or comply with any material term of the approved interconnection agreement required by the Utility for interconnection of the System.

10.3.4 Failure by BUYER to perform or comply with any other material term of this PPA within sixty (60) days after written notice by SELLER, unless SELLER agrees to a longer period to cure the default.

10.3.5 SELLER Remedies. If any default by BUYER shall continue uncured, following notice of default where required herein, for the period applicable to the default alleged, SELLER may resort to any one or more of the following remedies:

10.3.5.1 Termination. SELLER may terminate the PPA by providing written notice to BUYER indicating that the PPA has been terminated.

10.3.5.2 Damages. In the event of a termination under section 10.3.5.1, above, BUYER shall pay to SELLER a Termination Fee, calculated as set forth in Exhibit 4. The Parties acknowledge and agree that in the Event of Default of this PPA by BUYER, SELLER's actual damages would be difficult or impossible to compute and that this Early Termination Fee calculation provision represents the reasonable estimate of such damages established by the parties in good faith consideration of the facts and circumstances surrounding the transactions contemplated by this PPA as of the effective date.

10.3.5.3 Removal. In addition to the other remedies specified herein, SELLER may remove the System at its own cost, provided that any Facility located on BUYER owned or leased property is restored to a condition substantially similar to the pre-installation condition subject to ordinary wear and tear as called for by this BUYER.

10.4 Failure of SELLER to Perform Required Acts. Subject to SELLER's right to contest as provided elsewhere in this PPA, if SELLER fails, refuses, or neglects during the Term to do any of the things required to be done by SELLER, BUYER shall have the right, but not the obligation, to do the same, but at the cost of and for the account of SELLER. Unless BUYER reasonably believes that its interests may be adversely affected by such delay, BUYER shall in no case take such action sooner than one hundred and eighty (180) days after giving SELLER written notice of such failure, refusal or neglect. SELLER shall pay to BUYER on demand any sum expended by BUYER under this Section 10.4 together with interest thereon as defined in Section 1.18. Nothing contained in this Section 10.4 shall

impair the rights of BUYER with regard to defaults or remedies under the remaining portion of this Section 10.

- 10.5 Force Majeure. Any party claiming Force Majeure with respect to its performance hereunder shall advise the other party as soon as possible of the occurrence of the event and shall provide the other party with the basis of the claim, in writing, within ten (10) days of the occurrence of the event. Each party shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance
- 10.6 Arbitration and Dispute/s Resolution. The Parties shall perform their responsibilities under this PPA during any dispute, except for a dispute alleging non-payment of payments due by the BUYER to SELLER. The parties will attempt in good faith to resolve any disputes between them through negotiations. If they are unsuccessful, all claims arising out of this PPA will be decided through binding arbitration. If the parties cannot agree to the arbitrator and arbitration process, the arbitration will be conducted under the auspices of the American Arbitration Association under its Rules and shall take place in Kern County, California. In the event of any dispute or claim arising out of this PPA, the prevailing party shall be entitled to an award of its attorney fees and costs incurred, including those on appeal, on review or in bankruptcy. The parties agree to consolidate their arbitration with any other arising from the PPA

11 TEMPORARY SHUTDOWN OF SYSTEM

- 11.1 In-lieu Payments or Extension of PPA. If, during the Term, renovations or damage to the Facility occurs for reasons other than a Force Majeure, which significantly reduces (greater than 50% of Expected Production) or eliminates the use by BUYER of Electricity from the System or requires the temporary shutdown of the System, the Parties may, by mutual consent agree to extend the Term by one day for each day that the System was shut down.
- 11.2 Notice. SELLER will make a good faith effort to give as much notice as possible to BUYER prior to System shutdown. SELLER must coordinate a System shutdown with BUYER.

12 RESERVED

13 RESTRICTIONS ON SHADING

- 13.1 BUYER will make all good faith efforts to avoid activities which result in overshadowing or shading of the System in a manner that would prevent SELLER from meeting the Expected Production as described in Exhibit 1. In the event that BUYER activities result in the System being overshadowed in manner that causes the System to produce less than 95 percent of the Expected Production Output on a kWh basis over any twelve (12) month period, BUYER agrees to pay in-lieu fees up to the Expected Production as described in Section 11.1.2 for the duration of the period for which the shadowing occurs. SELLER shall provide and justify data verifying the actual loss of generation that occurred due to shading. BUYER shall not be required to pay such in-lieu fees unless SELLER

demonstrates to BUYER'S reasonable satisfaction that the loss in generation is due to shading attributable to the BUYER'S actions. Notwithstanding any other provision of this PPA, the Parties agree that if BUYER'S actions result in shadowing of the System such that the System produces less than 80 percent of the Expected Production, the Parties shall make every effort to relocate the System to a mutually agreeable location. If the Parties cannot agree on an alternative location for the System, then SELLER will be entitled to a Termination Fee pursuant to Sections 12, 10.3.5.1, and 10.3.5.2.

- 13.2 **"Permanent Shutdown of the System at the Facility"** and Exhibit 4. The Parties agree that shading resulting from actions outside of the control of BUYER shall not give rise to the remedies provided for in this Section.

14 **COMPLIANCE WITH APPLICABLE LAWS, INCLUDING UTILITY INTERCONNECTION STANDARDS**

SELLER, at its own cost and expense, shall comply with all Applicable Laws relating to the operation of the System and the generation and sale of Electricity to BUYER, including obtaining and maintaining all relevant approvals and permits. In particular, SELLER, throughout the term of the PPA, will fully comply with any and all operational standards and requirements imposed by the Utility, and comply with the electrical interconnection requirements as stated in the applicable and controlling Utility tariff. BUYER will cooperate with SELLER and, if necessary, will provide consents and execute with the Utility such agreements (if such agreements do not have unacceptable or prohibited terms and/or conditions, or impose additional costs on BUYER) as are necessary to permit the interconnection of the System. This electrical interconnection shall be done at no cost or liability to BUYER, and SELLER shall reimburse BUYER for all out of pocket costs incurred in connection with any interconnection agreement. Should the Utility demand fees or equipment exceeding the SELLER's estimates for electrical interconnection requirements, SELLER may at its sole discretion cease to proceed with installation of the System without further obligation to BUYER other than the obligation to restore the Facility to near pre-installation condition if installation was initiated on BUYER owned or leased property.

15 **NON-DISCRIMINATION**

- 15.1 **SELLER's Obligations.** SELLER shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition, age, marital status, and denial of family care leave. SELLER shall ensure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment, and shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this PPA by reference and made a part hereof as if set forth in full.

- 15.2 Inclusion in Subcontracts. SELLER represents and warrants that it shall include the substance of the nondiscrimination and compliance provisions of this clause in all subcontracts in connection with its obligations hereunder.

16 **TAXES**

SELLER shall pay all taxes, assessments or charges that at any time may be lawfully levied upon any interest in the Facility, the System, or this PPA. If local taxes or assessments are levied above the rates on the date of COD then those additional fees shall be split 50% is owed by the SELLER and 50% is owed by the BUYER.

17 **ASSIGNMENT**

- 17.1 The duties and obligations of SELLER under this PPA shall not be assignable by the SELLER in whole or in part without the written approval of BUYER. BUYER will not unreasonably withhold written approval.
- 17.2 Event of Default. In the event of default by any assignee of SELLER or any successor to SELLER in the performance of the terms hereof, BUYER may proceed directly against SELLER without the necessity of exhausting remedies against such assignee.
- 17.3 Unique Expertise. Notwithstanding the foregoing, SELLER acknowledges that BUYER is relying upon the unique expertise and capability of SELLER. Any proposed assignee must have demonstrated to the BUYER the ability to perform the obligations required under the PPA.
- 17.4 Definition of Assignment. For purposes of this section, the sale, assignment, transfer or disposition, directly or indirectly, of any type, which results in a change of control of SELLER, shall be deemed an assignment of this PPA. Change of control shall be as defined in common law, and may be the result of a single or multiple related transactions which result in the cumulative transfer of more than fifty percent (50%) of the voting stock or equity interests of SELLER. However, in no event shall the transfer of shares (i) to a Lender which assumes SELLER's obligations hereunder, or (ii) to another limited liability company of which SELLER is the managing member, or (iii) in an open market transaction sale of shares of a publicly held company be considered an assignment. SELLER shall have a continuing duty to provide BUYER with written notice of any material change in the SELLER'S business structure and/or financial status.
- 17.5 Buyer's Right of First Refusal to purchase the BUYERs portion of the Facility. In the event (i) SELLER determines to sell the portion of the Facilities that provides power to the BUYER, or (ii) of SELLER's bankruptcy or insolvency, or (iii) SELLER defaults on any encumbrance secured by the BUYERS portion of the Facility, , SELLER shall provide reasonable notice to BUYER of such desire to sell, with the amount of the offering price, or of such bankruptcy, insolvency, or default, with the amount or nature of such default. Upon receipt of such notice, BUYER, in its sole discretion, shall have the exclusive right for a period of sixty (60) days to (i) in the event of SELLER's desire to sell, purchase the Facilities, or portion thereof, in the amount of the offering price, or any lesser amount which SELLER may be willing to accept; (ii) in the event of bankruptcy or insolvency of SELLER, purchase the BUYERs portion of the Facility, or portion thereof, at fair market value as determined by independent appraiser agreed to by both Parties ; or (iii) in the event of SELLER's default on any encumbrance secured by the Facilities, or portion

thereof, cure said default, or with respect to defaults which cannot be reasonable cured within ninety (90) days, commence such cure and diligently pursue such cure.

18 FINANCING

- 18.1 Non-Subordination. BUYER will not subordinate its interest in the Facility as security for any SELLER loans or financing. However, and notwithstanding the provisions of Section 18.2, below, SELLER may pledge its interest in the PPA, including any rights to payment and the System, as security for loans or financing. If SELLER's Lender(s) requests additional terms and conditions to those already provided in this PPA, BUYER will consider any such requests, but may refuse such requests in its sole and absolute discretion and may withhold consent or approval of such additional terms and conditions.
- 18.2 Security Interests in System. BUYER acknowledges that SELLER will be financing the acquisition and installation of the System with financing accommodations from one or more financial institutions and that SELLER's obligations will be secured by, among other collateral, a pledge or collateral assignment of this PPA and SELLER's rights to payment and a first security right in the System. In order to facilitate such financing, and with respect to any such financial institutions of which SELLER has notified BUYER in writing (each, a Lender) BUYER agrees as follows:
- 18.2.1 Classification of System as Personal Property. BUYER acknowledges that it has been advised that part of the collateral securing financial accommodations of SELLER is the granting of a first priority security interest ("**Security Interest**") in the System to Lender to be perfected by a filing under the Uniform Commercial Code ("**UCC**"). BUYER consents to such filings so long as they reflect the Parties' agreement that any filings to perfect or provide notice of the Security Interest clearly document the Parties' intent that the System is considered personal property only and is not considered a fixture to the Facility. These filings by SELLER or Lender may include filing of a Financing Statement (FORM UCC-1) which clearly covers the System as personal property only and not as a fixture.
- 18.2.2 Such filing shall not create any interest in or lien upon the real property underlying the Facility or the interest of BUYER therein and shall expressly disclaim the creation of such an interest or a lien.
- 18.2.3 BUYER will use commercially reasonable efforts to place its successors and assignees on notice of the ownership of the System by SELLER and/or Lender, the existence of the security interest, and the fact that the System is not part of the Facility or a fixture thereof, as necessary and appropriate to avoid confusion or adverse claims.
- 18.2.3 BUYER is not aware of any existing lease, mortgage, security interest or other interest in or lien upon the Facility that could attach to the System as an interest adverse to Lender's security interest therein.

19 AMENDMENT

No amendment or variation of the terms of this PPA shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in this PPA is binding on either party.

20 **AUDIT**

BUYER, or its designated representative, shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this PPA. SELLER will maintain such records for possible audit for a minimum of three (3) years after final payment under this PPA, unless a longer period of records retention is stipulated. SELLER will allow the auditor(s) access to such records during normal business hours after reasonable notice and to allow interviews of any employees who might reasonably have information related to such records. Further, SELLER will include a similar right of BUYER to audit records and interview staff in any subcontract related to performance of this PPA.

21 **INDEPENDENT CONTRACTOR**

SELLER, and its agents and employees, shall act in an independent capacity and not as officers or employees or agents of BUYER in the performance of this PPA.

22 **TIMELINESS**

Time is of the essence in this PPA.

23 **GOVERNING LAW**

This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

24 **UNENFORCEABLE PROVISION**

In the event that any provision of this PPA is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this PPA have force and effect and shall not be affected thereby. If the unenforceable provision has a detrimental effect on the ability of this PPA to function as intended for both parties, or causes a material change in the financial viability of this PPA for either party, then the parties will make a good faith effort to find an agreeable resolution. If Parties cannot find an agreeable resolution the SELLER may terminate this PPA and receive the Termination Fee (as defined in Sections 10.3.5.1 and 10.3.5.1², above, and in Exhibit 4).

25 **COUNTERPARTS** *S. 2.1*

This PPA may be executed in multiple copies, each of which shall be deemed an original, but all of which shall constitute one agreement after each party has signed such a counterpart.

26. **INDEMNITY**

SELLER agrees to defend, indemnify, hold free and harmless the BUYER, its elected officials, officers, agents and employees, at SELLER's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the BUYER, its elected officials, officers, agents and employees arising out of the performance of the SELLER, its employees, and/or authorized subcontractors, of the work undertaken

pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the SELLER, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the SELLER, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the BUYER, its elected officials, officers, agents and employees based upon the work performed by the SELLER, its employees, and/or authorized subcontractors under this Agreement, whether or not the SELLER, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the SELLER shall not be liable for the defense or indemnification of the BUYER for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the BUYER.

BUYER agrees to defend, indemnify, hold free and harmless the SELLER, its elected officials, officers, agents and employees, at BUYER's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the SELLER, its elected officials, officers, agents and employees arising out of the performance of the BUYER, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the BUYER, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the BUYER, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the SELLER, its elected officials, officers, agents and employees based upon the work performed by the BUYER, its employees, and/or authorized subcontractors under this Agreement, whether or not the BUYER, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the BUYER shall not be liable for the defense or indemnification of the SELLER for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the SELLER.

27 Guarantee of Savings

SELLER guarantees BUYER a minimum yearly savings of \$50,000.00 ("Guaranteed Minimum Yearly Savings"). Actual Yearly Savings is to be calculated by SELLER pursuant to Exhibit 5. Actual Yearly Savings will be calculated on a yearly basis, within thirty (30) business days of each anniversary of the Commercial Operations Date. Any amount of savings under the \$50,000.00 minimum yearly savings allocation shall be credited to BUYER in "Guaranteed Minimum Savings Shortfall Amounts". Guaranteed Minimum Savings Shortfall Amounts are to be calculated by subtracting the Guaranteed Minimum Yearly Savings (\$50,000.00) by the Actual Yearly Savings (Calculated by SELLER). Guaranteed Minimum Savings Shortfall Amounts are to be divided by 12 and incrementally awarded to BUYER in the form of equal credits on each monthly bill for the 12 months following the calculation of Guaranteed Minimum Savings Shortfall

Amounts ("Guaranteed Minimum Savings Credits"). Guaranteed Minimum Savings Credits shall constitute full payment for SELLER'S failure to achieve the Guaranteed Minimum Yearly Savings. BUYER may choose to exercise either the Guarantee of Minimum Yearly Savings OR the Failure to Achieve Guaranteed Minimum Production Penalty at BUYER's sole discretion, and the exercising of one releases all liability associated with the other.

IN WITNESS WHEREOF and in confirmation of their consent to the terms and conditions contained in this PPA and intending to be legally bound hereby, BUYER and SELLER have executed this PPA as of the Effective Date.

SELLER:
American Solar Utility LLC

By: _____

TITLE: President & Managing Member

BUYER:
The City of California City

By: _____

TITLE: City Manager

Approved as to Form:

Christian Bettevian
City Attorney

EXHIBIT 1

ELECTRICITY PRICING, GUARANTEED MINIMUM PRODUCTION, AND BILLING METHODOLOGY

1. Electricity Pricing

SELLER:

Starting Price: \$0.095 per kWh. The lowest or minimum price to be paid for electricity by BUYER will be \$0.095 per kWh. All other charges for electrical service fees from the Utility company (SCE) are the responsibility of the BUYER. These charges include but are not limited to; taxes, surcharges, demand charges, monthly and daily meter costs, service and repair fees.

Escalation Factor: 1.5% applied annually at the anniversary of the Commercial Operation Date

Rate Calculation: $R_n = R_{(n-1)}(1+e)$

Where: R_n = Current Rate per kWh $R_{(n-1)}$ = Rate per kWh Previous Year
 e = Rate of Escalation (in this case .015)
 n = current year of contract
 R_1 = the starting price of \$0.095 per kWh

Term: Twenty (20) Years.

SELLER's price shall be adjusted as specified in the table below on each anniversary of the Commercial Operation Date for the term of the contract.

TABLE 1.1 EXPECTED POWER PRODUCTION & PURCHASE

Year	Cap Esc. Rate	Per kWh Rate	Expected Production	80% of Expected Production = Guaranteed Minimum Production	Total Expected Cost	80% of Expected Cost
	(%)	(\$)	(kWh)	(kWh)	(\$)	(\$)
[n]	[e]	[R _n]	[E]	[R _{80%}]	[P]	[P _{80%}]
1		0.0950	4,714,745	3,771,796	\$ 447,901	\$ 358,320.80
2	1.5%	0.0964	4,702,958	3,762,366	\$ 453,483	\$ 362,786.40
3	1.5%	0.0979	4,691,201	3,752,962	\$ 459,134	\$ 367,307.20
4	1.5%	0.0993	4,679,473	3,743,578	\$ 464,856	\$ 371,884.80
5	1.5%	0.1008	4,667,774	3,734,219	\$ 470,650	\$ 376,520.00
6	1.5%	0.1023	4,656,105	3,724,884	\$ 476,515	\$ 381,212.00
7	1.5%	0.1039	4,644,465	3,715,572	\$ 482,454	\$ 385,963.20
8	1.5%	0.1054	4,632,854	3,706,283	\$ 488,466	\$ 390,772.80
9	1.5%	0.1070	4,621,271	3,697,017	\$ 494,554	\$ 395,643.20
10	1.5%	0.1086	4,609,718	3,687,774	\$ 500,717	\$ 400,573.60
11	1.5%	0.1103	4,598,194	3,678,555	\$ 506,957	\$ 405,565.60

12	1.5%	0.1119	4,586,194	3,669,358	\$ 513,275	\$ 410,620.00
13	1.5%	0.1136	4,575,232	3,660,186	\$ 519,672	\$ 415,737.60
14	1.5%	0.1153	4,563,794	3,651,035	\$ 526,148	\$ 420,918.40
15	1.5%	0.1170	4,552,384	3,641,907	\$ 532,705	\$ 426,164.00
16	1.5%	0.1188	4,541,003	3,632,802	\$ 539,344	\$ 431,475.20
17	1.5%	0.1206	4,529,651	3,623,721	\$ 546,066	\$ 436,475.20
18	1.5%	0.1224	4,518,327	3,614,662	\$ 552,871	\$ 442,296.80
19	1.5%	0.1242	4,507,031	3,605,625	\$ 559,761	\$ 447,808.80
20	1.5%	0.1261	4,495,763	3,596,610	\$ 566,737	\$ 453,389.60

The first year will be based on 12 full months from Commercial Operation Date

2 Expected Electricity Purchased by BUYER for First & Subsequent Operational Years

For the first Operational Year the Expected Production is:

Electricity: 4,714,745 Total kWh

Annual Degradation Factor: 0.25% per Operational Year

For subsequent years the Expected Production shall be revised every year on the anniversary of the Commercial Operation Date by the annual degradation factor specified above. The Guaranteed Minimum Production shall be calculated as 80% of the Expected Usage per Section 5 of this PPA and as tabulated below. SELLER has the right to sell to BUYER up to 20% more Electricity than is the Expected Production stated herein.

Project Electricity Output

Year	Expected Purchase in kWh	Guaranteed Minimum Production in kWh
1	4,714,745	3,771,796
2	4,702,958	3,762,366
3	4,691,201	3,752,962
4	4,679,473	3,743,578
5	4,667,774	3,734,219
6	4,656,105	3,724,884
7	4,644,465	3,715,572
8	4,632,854	3,706,283
9	4,621,271	3,697,017
10	4,609,718	3,687,774
11	4,598,194	3,678,555
12	4,586,194	3,669,358
13	4,575,232	3,660,186
14	4,563,794	3,651,035
15	4,552,384	3,641,907
16	4,541,003	3,632,802
17	4,529,651	3,623,721
18	4,518,327	3,614,662
19	4,507,031	3,605,625
20	4,495,763	3,596,610

First year will be based on 12 full months from Commercial Operation Date

3 Electricity Purchase and Sales.

a. General Provisions:

SELLER will generate, deliver and sell Electricity, when available from the System, to the BUYER at the Electrical Interconnection Point during the term of this PPA.

SELLER agrees to generate, deliver and sell a quantity of Electricity as noted in Exhibit 1 Section 2 (above) and as guaranteed in PPA Section 5 to the BUYER from the System and BUYER agrees to purchase Electricity as measured at the Electrical Interconnection Point.

b. Formulas for Pricing:

SELLER shall prepare invoices in accordance with the formulas set forth in Exhibit 2 in the format set forth in Exhibit 3. SELLER shall render to BUYER an invoice each month for the preceding billing period during the Term of this PPA setting forth the actual amount of kWh delivered ("**Expected Production**") and the amounts due SELLER for Electricity generated and delivered by the System. BUYER will remit full payment with each invoice to SELLER, subject to any offsets for Guaranteed Minimum Production shortfalls, due under PPA.

4 Billing Disputes

In the event BUYER disputes all or any part of any bill submitted by SELLER under this PPA, BUYER shall pay the undisputed portion of the invoice when due and shall notify SELLER in writing within fifteen (15) days from the date of receipt of any disputed invoice or adjusted invoice. The Parties shall use best efforts to resolve the dispute amicably and promptly, and upon determination of the correct billing amount, BUYER shall promptly pay or be paid the remaining portion or refund due (if any), with interest at the Interest Rate from the date payment was due until paid (in the case of an underpayment) or from the date paid until refunded (in the case of an overpayment). Late payment fees shall not be applied to amounts that are subject to a good faith dispute until the dispute is resolved and interest is calculated in accordance with this Section. In the event that disputed amounts cannot be resolved through the process of conference, disputes shall be addressed through the process provided in Section 10.6 of the PPA.

SELLER shall submit invoices to BUYER at the address as set forth below. SELLER shall also submit a duplicate invoice (copy only) to BUYER at the address as noted on the subsequent page.

5 Renewable Energy Credits

SELLER is to be the recipient and owner of all Renewable Energy Credits, and as such can market, sell, or trade them at SELLER's sole discretion. Each and any successor to the SELLER shall be the recipient and owner of all Renewable Energy Credits accrued starting after the official closing date of the transaction, on the date which the successor takes physical possession of the system, until the end of that entity's ownership of the system (whichever comes first).

6 Payment Address Notice

BUYER shall submit all payments under this PPA to SELLER's project representative at the address listed in PPA Section 9. Parties agree that if BUYER receives notification to change the SELLER'S designated address for purposes of payment BUYER will notify the project representative at the address listed in PPA Section 9 at least sixty (60) days prior to the first submittal of payment to the new address. Parties also agree that BUYER will submit payments under this PPA by electronic funds transfer when electronic transfer becomes a readily available payment method for the BUYER.

7 Failure to Achieve Guaranteed Minimum Production Penalty

Upon Failure to Achieve Guaranteed Minimum Production, measured on a biennial basis, a payment will be made from SELLER to BUYER in the sum of \$0.02 per kWh on a basis of the following calculation:

$$P = R(MO-AO)$$

Where: P = Payment R = Rate (\$0.02 per kWh)

MO = Guaranteed Minimum Production for the time period in kWh (Exhibit 1 Section 2 see table)

AO = Actual output for the time period in kWh

EXHIBIT 2

BILLING FORMULAS AND EXAMPLES

SELLER shall provide invoices as indicated in this Exhibit and shall indicate the source and calculation of each variable set forth below in a manner so that the BUYER can readily confirm the accuracy and appropriateness of each invoice. An example of a monthly invoice is attached as Exhibit 3 to this PPA.

The total invoice for Electricity delivered by SELLER for the month in question shall be determined as follows:

$$P = E * R_n$$

Where:

P = Monthly payment made to SELLER for electricity delivered during the billing period.

E = Electricity delivered, as shown on meter, during the billing period

R_n = is the contract price for the monthly billing period in \$/kWh as set forth in Exhibit 1.

EXHIBIT 3

SAMPLE ENERGY INVOICE

Facility Name: _____

Facility Contact Person: _____

Facility Address: _____

Account # : _____

Meter #: _____

Start Date	End Date	Start Meter Read	End Meter Read	Total kWh
Mo/day/year	Mo/day/year			

Contract Price: Fixed price for power in Exhibit 1. Total Cost of Power Delivered will be determined by the fixed pricing schedule as specified multiplied by the kilowatt hours used: SELLER shall receive all revenue from excess power produced at the rate provided by the Utility. This revenue shall be passed directly through to SELLER when received by BUYER from PG&E. If the compensation is in a form of a credit to BUYER then that credit shall be paid to SELLER by BUYER. All CSI and tax incentives or rebates shall belong to the SELLER as compensation for the construction of the facility.

CHARGES:

kWh of Energy Used: 0.00

Fixed Price per kWh for Time Frame: \$ 0.00

Amount Due: \$ 0.00

Other Fee's \$ 0.00

Total Amount Due: \$ 0.00

**Please make payment to: American Solar Utility LLC
1470 Civic Court, Suite 309
Concord, CA 94520**

EXHIBIT 4

EARLY TERMINATION FEE CALCULATION

In the event of a termination of this PPA pursuant to Sections 10.3.5.1 and 10.3.5.2, 12, and/or 13.1, other than Force Majeure or default by the SELLER, BUYER shall pay to SELLER an Early Termination Payment corresponding to the year in which early termination occurs.

The Early Termination Payment shall be calculated as outlined below.

The Yearly per kWh rate multiplied by the Guaranteed Minimum Production for the corresponding year multiplied then divided by 365 days to obtain a daily value then multiply that value by the remaining days in the year. Repeat the process for every year remaining on the original Term of the PPA. Sum all the yearly calculations together and obtain the total Early Termination Payment to be made to SELLER by BUYER.

Exhibit 5
Actual Yearly Savings Calculation

The Actual Yearly Savings Calculation will go as follows

P = Actual Production allocated per Meter

P_p = Actual Portion of On-Peak Production allocated per Meter

P_{mp} = Actual Portion of Mid-Peak Production allocated per Meter

P_{op} = Actual Portion of Off-Peak Production allocated per Meter

S_R = Seller's Rate

R = Utility Rate

R_p = Utility On-Peak Rate for the Season and Rate schedule associated with the Meter Calculated

R_{mp} = Utility Mid-Peak Rate for the Season and Rate Schedule associated with the Meter Calculated

R_{op} = Utility Off-Peak Rate for the Season and Rate Schedule associated with the Meter Calculated

K = Actual Kilowatts in Facilities Related Demand allocated per Meter

K_p = Actual Kilowatts in On-Peak Demand allocated per Meter

K_{mp} = Actual Kilowatts in Mid-Peak Demand allocated per Meter

K_{op} = Actual Kilowatts in Off-Peak Demand allocated per Meter

Y_K = 2013 Facilities Related Demand for the same Billing Period allocated per Meter

Y_p = 2013 On-Peak Demand for the same Billing Period allocated per Meter

Y_{mp} = 2013 Mid-Peak Demand for the same Billing Period allocated per Meter

Y_{op} = 2013 Off-Peak Demand for the same Billing Period allocated per Meter

D = Facilities Related Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_p = Time Related On-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_{mp} = Time Related Mid-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_{op} = Time Related Off-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

I = Individual Meter Savings

I_n = Individual Meter Savings for Meter N (Meter number assignments are to be given to BUYER by SELLER, in list form, as part of the written calculation).

A = Actual Billing Period Savings

A_n = Actual Billing Period Savings for Billing Period N (Whereas the subscript number represents each individual billing period, which are assigned in chronological order, of which there are 12 in each operational year).

Before Actual Yearly Savings can be established, the savings in for every individual meter must be calculated for each billing period separately, using the rate schedule associated with that meter during the billing period ("Individual Meter Savings"). After the savings for each individual meter is established, that information can then be summated into the actual savings for each billing period ("Actual Billing Period Savings").

$$\text{Individual Meter Savings} = ((P_p * R_p) - (P_p * S_R)) + ((P_{mp} * R_{mp}) - (P_{mp} * S_R)) + ((P_{op} * R_{op}) - (P_{op} * S_R)) + (((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op})))$$

Whereas $((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op}))$ must be greater than or equal to zero.

If $((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op}))$ is less than zero then this section of the Actual Yearly Savings calculation must be removed from the calculation, as the implementation of the System will not increase demand charges.

$$\text{Actual Billing Period Savings} = \sum_{1}^N (I_1 + I_2 + I_3 + I_4 \dots I_n)$$

Whereas N = the total number of meters under the Net Metering Interconnection Agreement/s.

The summation of each calculation of Actual Billing Period Savings for the year being calculated will be known as "Actual Yearly Savings". This is represented by the following equation:

$$\text{Actual Yearly Savings} = (A_1 + A_2 + A_3 + A_4 + A_5 + A_6 + A_7 + A_8 + A_9 + A_{10} + A_{11} + A_{12})$$

SELLER reserves the right to change or amend the calculation of Actual Yearly Savings presented in this Exhibit 5, for cause of; error or omission in this Exhibit, Force Majeure Event, Change in Law, Change in the Net Metering Interconnection Agreement signed with the Utility, Change in implementation of NEM Interconnection Agreement, or Change in any Tariff associated with BUYER electrical systems.

Changes to these calculations are to be delivered to BUYER with an explanation of the changes in the calculation, in written form and implemented dependent on reasonable acceptance by BUYER, which must not be unreasonably withheld.

AMENDMENT TO PPA

THIS AMENDMENT TO THE PPA (this "**Amendment**") is made as of November 10, 2015 (the "**Effective Date**"), by and between the City of California City ("**City**"), American Solar Utility LLC, a California limited liability company ("**ASU**") (together the "**Parties**").

RECITALS

A. Buyer and Seller entered into that certain Power Purchase Agreement dated as of August 19, 2014 (the "**PPA**") with respect to the solar energy generation project contemplated under the PPA (the "**Project**").

B. City and ASU now desire to amend the PPA, as more particularly set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Terms. All capitalized but undefined terms used herein shall have the same meaning as set forth in the PPA.

2. Amendment to the PPA. The Parties agree that the PPA is hereby amended as follows:

a. System Size. The Parties acknowledge that the anticipated size of the System is 2.278 MW DC.

b. Termination for Convenience. Section 3.1.2 of the PPA is hereby deleted in its entirety and replaced with the following:

3.1.2 For Convenience. On or after the sixth (6th) anniversary of the Commercial Operation Date, BUYER may terminate this PPA for convenience, sixty (60) days after delivery of written notice to SELLER and any Lender. If BUYER terminates this PPA for convenience pursuant to this section BUYER shall pay SELLER a Termination Fee as described and calculated in Exhibit 4, attached.

c. Service Contract. The Parties agree and acknowledge that, for accounting and tax purposes, the PPA is not and shall not be construed as a capital lease and, pursuant to Section 7701(e)(3) of the Internal Revenue Code, the PPA is and shall

be deemed to be a service contract for the sale to Buyer of energy produced at an alternative energy facility.

d. Priority of Exhibits. In the event that there is any conflict between Exhibit 1 and any other Exhibit, Exhibit 1 shall control.

e. Electricity Pricing, Guaranteed Minimum Production, and Billing Methodology. Exhibit 1 of the PPA is hereby deleted in its entirety and replaced with the following:

EXHIBIT 1

ELECTRICITY PRICING, GUARANTEED MINIMUM PRODUCTION, AND BILLING METHODOLOGY

1. **Electricity Pricing**

SELLER:

Starting Price: \$0.085 per kWh. The lowest or minimum price to be paid for electricity by BUYER will be \$0.085 per kWh. All other charges for electrical service fees from the Utility company (SCE) are the responsibility of the BUYER. These charges include but are not limited to; taxes, surcharges, demand charges, monthly and daily meter costs, service and repair fees.

Escalation Factor: 1.5% applied annually at the anniversary of the Commercial Operation Date

Rate Calculation: $R_n = R_{(n-1)}(1+e)$

Where: R_n = Current Rate per kWh $R_{(n-1)}$ = Rate per kWh Previous Year
 e = Rate of Escalation (in this case .015)
 n = current year of contract
 R_1 = the starting price of \$0.085 per kWh

Term: Twenty (20) Years.

SELLER's price shall be adjusted as specified in the table below on each anniversary of the Commercial Operation Date for the term of the contract.

TABLE 1.1 EXPECTED POWER PRODUCTION & PURCHASE

Yr.	Cap Esc. Rate	Per kWh Rate	Expected Production (kWh) [E]	80% of Expected Production = Guaranteed Minimum Production (kWh) [R _{80%}]	Total Expected Cost (\$) [P]	80% of Expected Cost (\$) [P _{80%}]
[n]	[e]	(\$) [R _n]				
1		0.0850	4,714,745	3,771,796	\$ 400,753.33	\$ 320,602.66
2	1.5%	0.0863	4,702,958	3,762,367	\$ 405,747.71	\$ 324,598.17
3	1.5%	0.0876	4,691,201	3,752,961	\$ 410,804.34	\$ 328,643.48
4	1.5%	0.0889	4,679,473	3,743,578	\$ 415,923.99	\$ 332,739.19
5	1.5%	0.0902	4,667,774	3,734,219	\$ 421,107.45	\$ 336,885.96
6	1.5%	0.0916	4,656,105	3,724,884	\$ 426,355.50	\$ 341,084.40
7	1.5%	0.0929	4,644,464	3,715,571	\$ 431,668.95	\$ 345,335.16
8	1.5%	0.0943	4,632,853	3,706,283	\$ 437,048.63	\$ 349,638.90
9	1.5%	0.0958	4,621,271	3,697,017	\$ 442,495.35	\$ 353,996.28
10	1.5%	0.0972	4,609,718	3,687,774	\$ 448,009.94	\$ 358,407.96
11	1.5%	0.0986	4,598,194	3,678,555	\$ 453,593.27	\$ 362,874.61
12	1.5%	0.1001	4,586,698	3,669,358	\$ 459,246.17	\$ 367,396.94
13	1.5%	0.1016	4,575,231	3,660,185	\$ 464,969.53	\$ 371,975.62
14	1.5%	0.1032	4,563,793	3,651,035	\$ 470,764.21	\$ 376,611.37
15	1.5%	0.1047	4,552,384	3,641,907	\$ 476,631.11	\$ 381,304.89
16	1.5%	0.1063	4,541,003	3,632,802	\$ 482,571.13	\$ 386,056.91
17	1.5%	0.1079	4,529,650	3,623,720	\$ 488,585.17	\$ 390,868.14
18	1.5%	0.1095	4,518,326	3,614,661	\$ 494,674.16	\$ 395,739.33
19	1.5%	0.1111	4,507,030	3,605,624	\$ 500,839.04	\$ 400,671.23
20	1.5%	0.1128	4,495,763	3,596,610	\$ 507,080.75	\$ 405,664.60

The first year will be based on 12 full months from Commercial Operation Date

2. Expected Electricity Purchased by BUYER for First & Subsequent Operational Years

For the first Operational Year the Expected Production is:

Electricity: 4,714,745 Total kWh

Annual Degradation Factor: 0.25% per Operational Year

For subsequent years the Expected Production shall be revised every year on the anniversary of the Commercial Operation Date by the annual degradation factor specified above. The Guaranteed Minimum Production shall be

calculated as 80% of the Expected Usage per Section 5 of this PPA and as tabulated below. SELLER has the right to sell to BUYER up to 20% more Electricity than is the Expected Production stated herein.

Project Electricity Output

Year	Expected Purchase in kWh	Guaranteed Minimum Production in kWh
1	4,714,745	3,771,796
2	4,702,958	3,762,367
3	4,691,201	3,752,961
4	4,679,473	3,743,578
5	4,667,774	3,734,219
6	4,656,105	3,724,884
7	4,644,464	3,715,571
8	4,632,853	3,706,283
9	4,621,271	3,697,017
10	4,609,718	3,687,774
11	4,598,194	3,678,555
12	4,586,698	3,669,358
13	4,575,231	3,660,185
14	4,563,793	3,651,035
15	4,552,384	3,641,907
16	4,541,003	3,632,802
17	4,529,650	3,623,720
18	4,518,326	3,614,661
19	4,507,030	3,605,624
20	4,495,763	3,596,610

First year will be based on 12 full months from Commercial Operation Date

3. Electricity Purchase and Sales.

a. General Provisions:

SELLER will generate, deliver and sell Electricity, when available from the System, to the BUYER at the Electrical Interconnection Point during the term of this PPA.

SELLER agrees to generate, deliver and sell a quantity of Electricity as noted in Exhibit 1 Section 2 (above) and as guaranteed in PPA Section 5 to the BUYER from the System and BUYER agrees to purchase Electricity as measured at the Electrical Interconnection Point.

b. Formulas for Pricing:

SELLER shall prepare invoices in accordance with the formulas set forth in Exhibit 2 in the format set forth in Exhibit 3. SELLER shall render to

BUYER an invoice each month for the preceding billing period during the Term of this PPA setting forth the actual amount of kWh delivered ("**Expected Production**") and the amounts due SELLER for Electricity generated and delivered by the System. BUYER will remit full payment with each invoice to SELLER, subject to any offsets for Guaranteed Minimum Production shortfalls, due under PPA.

4. Billing Disputes

In the event BUYER disputes all or any part of any bill submitted by SELLER under this PPA, BUYER shall pay the undisputed portion of the invoice when due and shall notify SELLER in writing within fifteen (15) days from the date of receipt of any disputed invoice or adjusted invoice. The Parties shall use best efforts to resolve the dispute amicably and promptly, and upon determination of the correct billing amount, BUYER shall promptly pay or be paid the remaining portion or refund due (if any), with interest at the Interest Rate from the date payment was due until paid (in the case of an underpayment) or from the date paid until refunded (in the case of an overpayment). Late payment fees shall not be applied to amounts that are subject to a good faith dispute until the dispute is resolved and interest is calculated in accordance with this Section. In the event that disputed amounts cannot be resolved through the process of conference, disputes shall be addressed through the process provided in Section 10.6 of the PPA.

SELLER shall submit invoices to BUYER at the address as set forth below. SELLER shall also submit a duplicate invoice (copy only) to BUYER at the address as noted on the subsequent page.

5. Renewable Energy Credits

SELLER is to be the recipient and owner of all Renewable Energy Credits, and as such can market, sell, or trade them at SELLER's sole discretion. Each and any successor to the SELLER shall be the recipient and owner of all Renewable Energy Credits accrued starting after the official closing date of the transaction, on the date which the successor takes physical possession of the system, until the end of that entity's ownership of the system (whichever comes first).

6. Payment Address Notice

BUYER shall submit all payments under this PPA to SELLER's project representative at the address listed in PPA Section 9. Parties agree that if BUYER receives notification to change the SELLER'S designated address for purposes of payment BUYER will notify the project representative at the

address listed in PPA Section 9 at least sixty (60) days prior to the first submittal of payment to the new address. Parties also agree that BUYER will submit payments under this PPA by electronic funds transfer when electronic transfer becomes a readily available payment method for the BUYER.

7. Failure to Achieve Guaranteed Minimum Production Penalty

Upon Failure to Achieve Guaranteed Minimum Production, measured on a biennial basis, a payment will be made from SELLER to BUYER in the sum of \$0.02 per kWh on a basis of the following calculation:

$$P = R(MO-AO)$$

Where: P = Payment R = Rate (\$0.02 per kWh)
MO = Guaranteed Minimum Production for the time period in kWh
(Exhibit 1 Section 2 see table)
AO = Actual output for the time period in kWh

f. Net-Metering. Section 1.21 of the PPA is hereby deleted in its entirety and replaced with the following:

“RES-BCT” is a tariff in which a customer generates photovoltaic solar electricity and receives generation credit for each kWh produced. The credit is then applied to offset the customer’s generation charges via bill credit transfer.

g. Net-Metering. The terms Net Metering, net metering, Net-Metering, and net-metering in the PPA will be hereby replaced with the term RES-BCT.

h. Actual Yearly Savings Calculation. Exhibit 5 of the PPA is hereby deleted in its entirety and replaced with the following:

Exhibit 5
Actual Yearly Savings Calculation

The Actual Yearly Savings Calculation will go as follows:

P = Actual Production
P_p = Actual Portion of On-Peak Production
P_{mp} = Actual Portion of Mid-Peak Production
P_{op} = Actual Portion of Off-Peak Production

S_R = Seller’s Rate

R = Utility Rate

R_p = Utility On-Peak Rate for the Season and Rate schedule associated with generation meter.

R_{mp} = Utility Mid-Peak Rate for the Season and Rate Schedule associated with generation meter.

R_{op} = Utility Off-Peak Rate for the Season and Rate Schedule associated with generation meter.

K = Actual Kilowatts in Facilities Related Demand allocated per Meter

K_p = Actual Kilowatts in On-Peak Demand allocated per Meter

K_{mp} = Actual Kilowatts in Mid-Peak Demand allocated per Meter

K_{op} = Actual Kilowatts in Off-Peak Demand allocated per Meter

Y_K = 2014 Facilities Related Demand for the same Billing Period allocated per Meter

Y_p = 2014 On-Peak Demand for the same Billing Period allocated per Meter

Y_{mp} = 2014 Mid-Peak Demand for the same Billing Period allocated per Meter

Y_{op} = 2014 Off-Peak Demand for the same Billing Period allocated per Meter

D = Facilities Related Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_p = Time Related On-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_{mp} = Time Related Mid-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

T_{op} = Time Related Off-Peak Demand Cost for the Season and Rate schedule associated with the Meter Calculated

S = Billing Period Demand Savings

A = Actual Billing Period Savings

A_n = Actual Billing Period Savings for Billing Period N (Whereas the subscript number represents each individual billing period, which are assigned in chronological order, of which there are 12 in each operational year).

Before Actual Yearly Savings can be established, the savings for the generation meter must be calculated for each billing period separately, using the rate schedule associated with that meter during the billing period ("Actual Billing Period Savings").

Actual Billing Period Savings = $((P_p * R_p) - (P_p * S_R)) + ((P_{mp} * R_{mp}) - (P_{mp} * S_R)) + ((P_{op} * R_{op}) - (P_{op} * S_R)) + S$

$$S = \sum_0^N ((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op}))$$

Whereas N = all meters associated with the RES-BCT tariff.

Whereas $(((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op})))$ must be greater than or equal to zero.

If $(((K * D) - (Y_K * D)) + ((K_p * T_p) - (Y_p * T_p)) + ((K_{mp} * T_{mp}) - (Y_{mp} * T_{mp})) + ((K_{op} * T_{op}) - (Y_{op} * T_{op})))$ is less than zero for any individual meter then this meter will be excluded from the calculation of Billing Period Demand Savings, as the implementation of the System will not increase demand charges.

The summation of each calculation of Actual Billing Period Savings for the year being calculated will be known as "Actual Yearly Savings". This is represented by the following equation:

$$\text{Actual Yearly Savings} = (A_1 + A_2 + A_3 + A_4 + A_5 + A_6 + A_7 + A_8 + A_9 + A_{10} + A_{11} + A_{12})$$

Each Party reserves the right to request fair and reasonable changes to the calculation of Actual Yearly Savings presented in this Exhibit 5, for cause of; error or omission in this Exhibit, Force Majeure Event, Change in Law, Change in the RES-BCT Agreement signed with the Utility, Change in implementation of RES-BCT Agreement, or Change in any Tariff associated with System.

Changes to these calculations are to be delivered to the other party with an explanation of the changes in the calculation, in written form and implemented dependent on reasonable acceptance by the other party, which must not be unreasonably withheld.

3. No Other Changes. Except as specifically set forth above, the PPA is not amended or modified in any way, and remains in full force and effect.
4. Entire Agreement. This Amendment sets forth the entire agreement between the parties with respect to the subject matter hereof.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each party has caused this Amendment and Consent to Assignment to be duly executed and delivered as of the Effective Date.

THE CITY OF CALIFORNIA CITY

By: [Signature]
Name: WILLIAM T. WEIL JR
Title: CITY MANAGER

ATTEST

By: [Signature]
Name: DENISE HILL
Title: City Clerk

APPROVED AS TO FORM

By: [Signature]
Christian Bettenhausen, City Attorney

AMERICAN SOLAR UTILITY, LLC

By: [Signature]
Name: Stephen Rumbaugh
Title: President and Managing Member

AMENDMENT #2 TO THE PPA

THIS AMENDMENT #2 TO THE PPA (this "**Amendment**") is made as of January 12th, 2016 (the "**Effective Date**"), by and between the City of California City ("**City**"), GES Megaseven LLC ("**GES**") (together the "**Parties**").

RECITALS

A. City as Buyer, and American Solar Utility, LLC ("**ASU**") a California Limited Liability Company as Seller, entered into that certain Power Purchase Agreement dated as of August 19, 2014 (the "**PPA**") with respect to the solar energy generation project contemplated under the PPA (the "**Project**").

B. Effective November 10, 2015, the PPA was amended.

C. Concurrent with the approval of this Amendment #2 to the PPA, the City, ASU, and GES, and General Energy Solutions USA, Inc. ("**GES USA**"), a Nevada Corporation, have entered into a Consent to Assignment whereby the signatories to that Consent to Assignment confirmed City's consent to the assignment of the PPA and Conditional Use Permit to GES.

D. Simultaneous with today's Amendment #2 to the PPA, the City agreed to two "Property Rental Agreements" whereby the City subleased land from ASU.

E. City and GES now desire to amend the PPA, as more particularly set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Terms. All capitalized but undefined terms used herein shall have the same meaning as set forth in the PPA.

2. Amendment to the PPA. The Parties agree that the PPA is hereby amended as follows:

a. Insurance. The Parties hereby wish to insert the following as Section 28 of the PPA:

28. INSURANCE

As a material condition of this Agreement SELLER shall obtain and maintain for the Term of this Agreement, general liability insurance covering all actions contemplated under the PPA including actions taken relating to the Property Rental Agreements, and naming the City as an additional insured in an amount no less than \$1 million per occurrence and \$2 million in the aggregate. The insurance shall be issued by a company with an A.M. Best rating of not less than A minus (A-) unless specifically agreed to in writing by BUYER's Risk Manager or City Manager. SELLER shall provide City with sufficient certificates of insurance and endorsements to evidence maintenance of the required coverages. SELLER shall cause City to receive notice of any cancellation of insurance coverage within 30 days of any cancellation.

3. No Other Changes. Except as specifically set forth above, the PPA is not amended or modified in any way, and remains in full force and effect.

4. Entire Agreement. This Amendment sets forth the entire agreement between the parties with respect to the subject matter hereof.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each party has caused this Amendment and Consent to Assignment to be duly executed and delivered as of the Effective Date.

THE CITY OF CALIFORNIA CITY

By: [Signature]
Name: WILLIAM T. WEIL JR
Title: CITY MANAGER

ATTEST

By: [Signature]
Name: DENISE HILLIKER
Title: City Clerk

APPROVED AS TO FORM

By: Scott Porter for
Christian Bettenhausen, City Attorney
Scott E. Porter, Esq.

GES Megaseven LLC

By: [Signature]
Name: Ronghe Chen
Title: Manager

By: [Signature]
Name: [Signature]
Title: [Signature]

THIRD AMENDMENT TO POWER PURCHASE AGREEMENT

This **THIRD AMENDMENT TO THE POWER PURCHASE AGREEMENT** (this "Amendment") dated as of April __, 2018 ("Effective Date") is entered into by and between GES Megaseven, LLC (as successor in interest to American Solar Utility LLC) ("Seller") and the City of California City ("Buyer"). Seller and Buyer are sometimes hereinafter referred to individually as a "Party" and together as the "Parties."

RECITALS

A. WHEREAS, the Parties have entered into that certain Power Purchase Agreement dated as of August 19, 2014, as amended by that certain Amendment to PPA, dated as of November 10, 2015, and that certain Amendment #2 to the PPA, dated as of January 12, 2016 (as so amended the "Agreement") pursuant to which Seller agreed to sell, and Buyer agreed to purchase, electricity generated by a photovoltaic solar generating facility to be installed on real property rented by Buyer from Seller.

B. WHEREAS, the Parties wish to further amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of covenants and agreements herein, and for good and valuable consideration discussed below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

1. DEFINITIONS

1.1. Capitalized terms used but not defined in this Amendment shall have the meanings given to such terms in the Agreement.

2. AMENDMENTS TO THE AGREEMENT

2.1 Typographical Corrections.

2.1.1 The word "System" hereby replaces each of the following: (i) "the system" occurring at the end of the definition of Commercial Operation Date' (ii) "Facility" in the heading title of Section 2.5; (iii) "project" in Section 6; (iv) "BUYER's portion of the Facility" in the heading for Section 17.5; (v) "portion of the Facilities that provides power to the BUYER" in the first paragraph of Section 17.5; and (vi) BUYER's portion of the Facility" in the first paragraph of Section 17.5.

2.1.2 In section 10.2.3, both instances of "SELLER's assets located on the Facility" are replaced with "the System, or substantially all of SELLER's interest in, or assets on, the System".

2.1.3 In Section 3.2, the reference to Section 12.2 is changed to reference Section 11.2.

2.1.4 In Section 10.2.3, the words “the License” is replaced with “this PPA”.

2.1.5 In Section 10.2.7, the word “Facility” is replaced with “Site”.

2.1.6 In Section 13.1, the reference to Section 11.1.2, is changed to reference Section 11.2.

2.1.7 In Section 16, the words “the Facility” and “, or this PPA” are deleted. The word “COD” is replaced with “Commercial Operation Date”.

2.2 Recitals. The following is hereby added as a new recital after the last recital on the first page of the Agreement: “WHEREAS, BUYER has sub-leased from SELLER certain property (the “Site”) for purposes of having SELLER design, construct, install, own and operate the System to supply Electricity to BUYER’S Facilities.”

2.3 Section 1 – Definitions.

2.3.1 The definition of “Applicable Laws” is hereby replaced in its entirety with the following: “means, with respect to each Party, all laws, codes, ordinances, statutes, rules, regulations, orders, decrees, judgments, injunctions, notices or binding agreements promulgated or entered into by any governmental authority having jurisdiction over such Party, the System or such Party’s obligations under this PPA, as the same may be modified, amended or repealed from time to time.”

2.3.2 The definition of “Facility” or “Facilities” is hereby replaced in its entirety with the following: “means the improvements owned, leased, and/or operated by BUYER what will receive Electricity from the System through the Net-Metering Tariff.”

2.3.3 The following are added as new defined terms: (a) “**Interconnection Agreement**” means that certain Interconnection Agreement to be entered into by BUYER and UTILITY to allow the System to interconnect, operate in parallel with and export Electricity to the Utility’s distribute grid.”; (b) “**Rental Agreements**” means (i) that certain Property Rental Agreement, dated as of January 12, 2016, between SELLER and BUYER, as amended from time to time (for Rental Area “A”), and (ii) that certain Property Rental Agreement, dated as of January 12, 2016, between SELLER and BUYER, as amended from time to time (for Rental Area “B”).”; and (c) “**Site**” has the meaning set forth in the Recitals, and as further described in the Rental Agreements.”

2.3.4 In the definition of “Lender,” the following is hereby deleted from the end of the sentence: “and its rights to payment and a first security right in the System”.

2.3.5 The defined term “**Net Metering**” and its associated definition are hereby replaced in their entirety with the following: ““**Net-Metering Tariff**” means the Utility tariff under which electric energy generated by or for that electric consumer from an eligible on-site generating facility may be used to offset electric energy provided by the electric Utility to the electric consumer during the applicable billing period. As of the Effective Date, the applicable

Net-Metering Tariff is Southern California Edison Company's Schedule RES-BCT, as the same may be modified from time to time by Southern California Edison Company."

2.3.6 The definition of "Seller" is hereby replaced in its entirety with the following: "means the party identified as "SELLER" in the preamble hereto, and its permitted successors and assigns."

2.4 Section 2 – Agreement.

2.4.1 Section 2.2 is modified by replacing in the first sentence the words "that meets the specifications set forth in Exhibit 1" with "generated by the System and delivered to the Electrical Interconnection Point".

2.4.2 The following is added after the last sentence of Section 2.4.1(a):
"BUYER is responsible for causing Utility electrical service to be available to the System and the Facility, and SELLER is responsible for paying for any electricity used by the System. To ease the administration of payment to BUYER for the electricity used by the System, all System electrical usage shall either be netted from amounts delivered to Buyer or supplied through Buyer's Utility service. System electrical usage will not exceed 600kWh in any billing period, unless it is necessary to use more than 600kWh in any billing period to perform maintenance or other agreed upon usage."

2.4.3 The following is added as a new Section 2.6:

"2.6 Electricity Service. BUYER shall either take or cause its tenants to take parallel electricity service from the Energy Service Provider at the Facility under the Net-Metering Tariff. BUYER shall be solely responsible for any and all costs associated with receiving such electricity service from the Energy Services Provider, including all costs associated with beneficial and generation meters."

2.4.4 The following is added as a new Section 2.7:

"2.7 License to the Site; Facility Access Rights. BUYER grants to SELLER and to SELLER's agents, employees, contractors and assignees an irrevocable non-exclusive license running with the Site (the "License") for access to, on, over, under and across the Site for the purposes of (i) installing, constructing, operating, owning, maintaining, accessing, removing and replacing the System; (ii) performing all of SELLER's obligations and enforcing all of SELLER's rights set forth in this PPA; and (iii) installing, using and maintaining electric lines and equipment, including inverters and meters necessary to interconnect the System to BUYER's electric system at the Facility, to the Utility's electric distribution system, if any, or for any other purpose that may from time to time be useful or necessary in connection with the construction, installation, operation, maintenance or repair of the System. SELLER

shall notify BUYER prior to entering the Facility except in situations where there is imminent risk of damage to persons or property. The term of the License shall continue until the date that is one hundred and twenty (120) days following the date of expiration or termination of this PPA (the "License Term"). During the License Term, BUYER shall not impede SELLER'S rights under the License and SELLER'S access to the Site and the Facility. BUYER shall not interfere with nor shall permit any third parties to interfere with SELLER's such rights or access. The grant of the License shall survive termination of this PPA by either Party. At request of SELLER, BUYER shall execute a memorandum of License, and which shall be in form and substance acceptable to the Parties acting reasonably and in good faith. SELLER may, at its sole cost and expense, record such memorandum of License with the appropriate land registry or recorder's office. Notwithstanding anything else in this Agreement or other documentation to the contrary, BUYER shall have no obligation to install, maintain, operate, inspect, or to take any other actions in any way relating to the installation, maintenance, operation, maintenance of the System."

2.5 Section 3 - Term and Termination. The first paragraph of Section 3 Term and Termination, which paragraph is not numbered, is hereby amended by replacing the term "Effective Date" with "Commercial Operation Date".

2.6 Section 7.1 - California Solar Initiative ("CSI"). The entirety of Section 7.1 California Solar Initiative ("CSI") deleted and replaced with the word "Reserved."

2.7 Section 9 - Communications and Contracts. The following sentence is hereby added at the end of Section 9: "Provided that either Party may at any time change their respective designated representative on written notice to the other Party."

2.8 Section 10 - Default.

2.8.1 Section 10.2.1 is hereby amended by adding the word "consecutive" before the words "six month period".

2.8.2 Section 10.2.2 is deleted in its entirety, and replaced with the word "Reserved" and a new Section 2.8 is added to at the end of Section 2 as follows: "SELLER shall not unreasonably interfere with the operations of BUYER at the Facility. If BUYER reasonably identified such instances in which SELLER's operations unreasonably interfere with BUYER's operation of the Facility, BUYER shall notify SELLER to that effect, and the Parties shall meet to negotiate, acting reasonably and in good faith, actions that SELLER can take to mitigate the impact on BUYER's operations of the Facility. Notwithstanding the foregoing, this Agreement does not obligate SELLER to reduce the ability of the System to generate Electricity".

2.9 Section 11 - Temporary Shutdown of System.

2.9.1 Existing section 11.2 is renumbered as "11.3".

2.10 The following is added as a new Section 11.2: "If the System is unable to generate and deliver Electricity to the Electrical Interconnection Point due to the acts or omissions of BUYER, then to the extent of BUYER's responsibility, BUYER shall pay to SELLER the documented sum of (i) the lost payments for Electricity that would have been paid by BUYER to SELLER for the period of time that the System is unable to generate and deliver Electricity to the Electrical Interconnection Point, plus (ii) the lost revenues associated with any state incentives, including the RECs that would have been generated by the System for sale to BUYER during such outage and sold by SELLER, plus (iii) all related tax recapture costs and penalties, and expenses and costs associated therewith, all as calculated by SELLER in a commercially reasonable manner. SELLER shall provide to BUYER, upon request, an estimate of the total amount of lost revenues and costs SELLER expects to incur as a result of BUYER's proposed actions or inactions that would result in the System temporarily ceasing to operate. The Parties shall cooperate, acting reasonably and in good faith to minimize the total cost to BUYER associated with the foregoing.

2.11 Section 14 - Compliance With Applicable Laws, Including Utility Interconnection Standards. The following is added as a new paragraph at the end of Section 14: "BUYER shall designate SELLER as the "Customer's Operating Representative" as defined in the Interconnection Agreement. BUYER shall cooperate with Utility and SELLER to effect the purposes of the Interconnection Agreement. BUYER shall promptly deliver to SELLER any communication BUYER receives from the Utility in connection with the Interconnection Agreement. "

2.12 Section 16 - Taxes.

2.12.1 Existing Section 16 is hereby numbered as 16.1 and is amended to provide:

"16.1 Subject to Section 16.2, SELLER shall pay all taxes, assessments or charges that at any time may be lawfully levied upon any interest in this PPA. If BUYER levies taxes or assessments above the rates on the Commercial Operation Date then those additional amounts shall be split 50/50 between the BUYER and SELLER.

A new 16.2 is added, to provide:

16.2 BUYER shall pay all real property Taxes and assessments applicable to the Facility. SELLER shall pay all real property Taxes and assessments applicable to the System."

2.13 "Section 17 - Assignment.

2.13.1 Section 17.4 is hereby deleted in its entirety and replaced with the word "Reserved".

2.13.2 The second sentence of Section 17.5 is hereby replaced in its entirety with the following: "Upon receipt of such notice, BUYER, in its sole discretion, shall have the exclusive right for a period of sixty (60) days to (i) in the event of SELLER's desire to sell, purchase the System, or portion thereof, in the amount of the offering price, or any lesser amount which SELLER may be willing to accept (but in any event not less than the Fair Market Value as (defined below)); (ii) in the event of bankruptcy or insolvency of SELLER, purchase the System at fair market value as determined by independent appraiser agreed to by both Parties (the "Fair Market Value"); or (iii) in the event of SELLER's default on any encumbrance secured by the System, or portion thereof, cure said default within ninety (90) days, or with respect to defaults which cannot be reasonable cured within ninety (90) days, commence such cure and diligently pursue such cure. Notwithstanding the foregoing, in the event BUYER's right hereunder is triggered by a bankruptcy or insolvency event, BUYER shall not have a right to purchase the System until and unless a Secured Party fails to exercise its rights under Section 18.5."

2.14 Section 18 - Financing.

2.14.1 The following is added as a new Section 18.4:

"18.4 Assignment by SELLER for Financing Purposes. In connection with any financing transaction entered into by SELLER, such SELLER may mortgage or grant a security interest in this PPA and the Site, and may assign this PPA and the System to any mortgagees or holders of security interests, including their successors or assigns, (hereinafter collectively referred to as "Secured Parties"). BUYER agrees to execute any consent or estoppel agreement related to such financing transaction as may reasonably be required by such Secured Parties and to confirm upon request of any such Secured Party that such Secured Party is entitled to the benefit of the provisions set forth in this Section 18.4. Upon receipt of notice of the name and address of the Secured Parties, BUYER agrees to deliver any notices of default to the Secured Parties simultaneously with the delivery of such notices of default to SELLER. The Secured Parties will have the right to cure any defaults or breaches by SELLER which the Secured Party is capable of curing within the time periods provided hereunder for SELLER plus an additional thirty (30) days. The Secured Party shall not be required to cure any defaults by SELLER which by their nature are not capable of being cured by the Secured Parties. Any such notices to Secured Parties shall be sent to Secured Party at the address specified in writing to BUYER by SELLER or any Secured Parties. Failure by BUYER to give Secured Party such notice shall not diminish BUYER's rights against SELLER, but shall preserve all rights of Secured Party to cure any default and to remove any property of SELLER located on the Site

unless Secured Party had received notice from another source, such as from SELLER.”

2.14.2 The following is added as a new Section 18.5:

“18.5 Secured Party’s Rights.

18.5.1 If BUYER has been notified of the existence of Secured Parties and has been provided current contact information for each Secured Party, BUYER will not agree to any amendment, modification or voluntary termination of this PPA without the prior written consent of the Secured Parties. Upon receipt of a written request from any Secured Party, BUYER shall make any and all payments due and owing by BUYER under this PPA to an account designated by Secured Party, and SELLER agrees that such payment by BUYER will fully satisfy BUYER’s payment obligations under this PPA to the extent of such payment. BUYER agrees that, upon foreclosure (or assignment in lieu of foreclosure) of its mortgage or security interest in the System, the Secured Parties may succeed to the rights and obligations of Seller under this PPA. Secured Parties will be responsible for performance of SELLER’s obligations after it succeeds to SELLER’s interests under this PPA entered into pursuant to this PPA, but shall have no further liability hereunder after it assigns such interests and obligations to a third party.

18.5.2 If this PPA is rejected or disaffirmed by SELLER pursuant to bankruptcy law or other law affecting creditor’s rights and within ninety (90) days after such event any Secured Party shall have arranged to the sole satisfaction of BUYER for performance of SELLER’S obligations under this PPA, then BUYER shall execute and deliver to such Secured Party or to a designee of such Secured Party a new power purchase agreement which (i) shall be for a term equal to the remainder of the Term of this PPA (or the extension term, if applicable; and (ii) shall contain the same covenants, agreements, terms, provisions and limitations as this PPA. The provisions of this Section 18.5.2 shall survive the termination, rejection or disaffirmation of this PPA and shall continue in full force and effect thereafter to the same extent as if this Section 18.5.2 were a separate and independent contract made by BUYER, SELLER and each Secured Party; and to the extent BUYER uses Electricity from the System from the effective date of such termination, rejection or disaffirmation of this PPA to the date of execution and delivery of such new power purchase agreement, BUYER shall be deemed to have purchased such Electricity under such new power purchase agreement to be entered into between BUYER and Secured Party or designee of Secured Party.”

2.15 Section 27 Guarantee of Savings

2.15.1 Section 27 is hereby deleted in its entirety and replaced with the word “Reserved”, and all references to Guarantee of Savings in the various executed amendments to this PPA are also deleted.

2.16 Miscellaneous. The following sections are hereby added after Section 27

“28 Title to System

Unless and until BUYER has exercised its purchase rights pursuant to Section 17.4, the System and its components shall be and remain SELLER’s property at all times and the System will at all times retain the legal status of personal property of Seller as defined under Article 9 of the Uniform Commercial Code. BUYER shall not cause or permit the System or any part thereof to become subject to any lien, encumbrance, pledge, levy or attachment arising by, under or through BUYER. The Parties hereby acknowledge their mutual intent that (i) no part of the System constructed, erected or placed on the Site by SELLER will attach to or be deemed a part of, or a fixture to, the Site notwithstanding the manner in which the System is or may be affixed to real property of the Site and (ii) all improvements of any kind or nature constructed, erected or placed by SELLER on the Site will be and remain the personal property of SELLER and may be removed by SELLER upon termination of this PPA or if relocation of the System is required during the Term. Notwithstanding any other provision in this Agreement to the contrary, nothing limits BUYER’s powers as a municipal corporation to place liens, encumbrances, pledges, levies or attachments on the System to the extent generally applicable laws authorize such liens or encumbrances.

29 Legal Effect of Contract

29.1 Notwithstanding anything to the contrary contained herein, in order for the transactions contemplated by this PPA not to be considered a “Confidential Transaction” within the meaning of United States Treasury Regulation 1.6011-4(b)(3), the Parties (and each representative of the Parties) may (a) consult any tax advisor/consultant regarding the tax treatment and tax structure relating to the transactions contemplated by this Agreement and (b) may at any time disclose to any person or entity, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including tax opinions or other tax analysis) that are provided relating to such tax treatment or tax structure.

29.2 Neither BUYER nor any party related thereto shall have the right or be deemed to operate the System for purposes of Section 7701(e)(4)(A)(i) of the Internal Revenue Code.

29.3 Notwithstanding any provision to the contrary under this PPA, neither BUYER nor any party related thereto shall (a) bear or be deemed to bear any significant financial burden if there is nonperformance by SELLER under this PPA, as the phrase “any significant financial burden if there is nonperformance” is used in Section 7701(e)(4)(A)(ii) of the Internal Revenue Code; or (b) be deemed to receive any significant financial benefit if the operating costs of the

System are less than the standard of performance and/or operation set forth in this PPA, as the phrase "significant financial benefit if the operating costs of the System are less than the standards of performance or operation" is used in Section 7701(e)(4)(A)(iii) of the Internal Revenue Code.

29.4 The Parties acknowledge and agree that for accounting and tax purposes, this PPA is not and shall not be construed as a capital lease and, pursuant to Section 7701(e)(3) of the Internal Revenue Code, this PPA is a service contract with respect to the sale to the BUYER of electric energy produced at an alternative energy facility.

30 Binding Effect.

This PPA and its rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the Parties hereto, together with their respective successors and permitted assigns.

31 Written Waiver.

A waiver by either Party of any term, covenant or condition of this PPA must be in writing.

32 No Partnership.

This PPA is not intended, nor shall be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

33 No Third Party Beneficiaries.

This PPA is solely for the benefit of the Parties hereto and thereto and no right or cause of action shall accrue by reason hereof for the benefit of any third party not a party hereto, other than the Indemnitees and any Secured Parties.

34 Entire Agreement.

This agreement entered into pursuant to this PPA represent the full and complete agreement between the Parties hereto and thereto with respect to the subject matter contained herein and therein and supersede all prior written or oral agreements between the Parties with respect to said subject matter.

35 Further Assurances.

Upon the receipt of a written request from the other Party, each Party shall execute such additional documents, instruments, estoppels, and assurances and

take such additional actions as are reasonably necessary and desirable to carry out the terms and intent hereof, including an interconnection agreement. Neither Party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this Section 35.

36 Interpretation.

This agreement entered into pursuant to this PPA is the product of negotiation between the Parties, and no ambiguity shall be construed in favor of or against either Party.

37 Notices.

All notices under this PPA shall be in writing and shall be by personal delivery, facsimile transmission, electronic mail, overnight courier, or regular, certified, or registered mail, return receipt requested, and deemed received upon personal delivery, acknowledgment of receipt of electronic transmission, the promised delivery date after deposit with overnight courier, or five (5) days after deposit in the mail. Notices shall be sent to the person identified in this PPA at the addresses set forth in this PPA or such other address as either party may specify in writing. Each Party shall deem a document faxed, emailed or electronically sent in PDF form to it as an original document.

38 Non-Dedication of Facilities.

Nothing herein shall be construed as the dedication by either Party of its facilities or equipment to the public or any part thereof. Neither Party shall knowingly take any action that would subject the other Party, or other Party's facilities or equipment, to the jurisdiction of any governmental authority as a public utility or similar entity. Neither Party shall assert in any proceeding before a court or regulatory body that the other Party is a public utility by virtue of such other Party's performance under this agreement. If SELLER is reasonably likely to become subject to regulation as a public utility, then the Parties shall use all reasonable efforts to restructure their relationship under this PPA in a manner that preserves their relative economic interests while ensuring that SELLER does not become subject to any such regulation. If the Parties are unable to agree upon such restructuring, SELLER shall have the right to terminate this PPA without further liability, and SELLER shall remove the System in accordance with this Agreement.

39 Forward Contract.

The transaction contemplated under this PPA constitutes a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code."

2.17 November 10, 2015 Amendment. Sections 2(f), and 2(g) and 2(h) of the Amendment to PPA dated November 10, 2015 are hereby deleted and of no further force or effect.

2.18 Exhibit 5. Exhibit 5 is deleted in its entirety, and all references to Exhibit 5 in previous Amendments are also deleted.

3. Consideration

In consideration for the changes agreed to in this Amendment, Seller agrees to pay Buyer the sum of Seventy-Five Thousand Dollars (\$75,000), within 30 days of the execution of this Amendment.

4. EFFECTIVENESS / MISCELLANEOUS

4.1 Effectiveness. This Amendment shall be effective on, and shall be binding upon, the Parties hereto upon the full execution and delivery hereof, as of the Effective Date.

4.2 No Other Modifications. This Amendment only relates and applies to the modified provisions and exhibits set forth herein. Except as expressly modified by this Amendment, all the terms and conditions of the Agreement shall remain in full force and effect, unmodified, and apply to this Amendment as though set forth herein, including, but not limited to, disputes, the applicable law, and venue provisions. The Parties expressly confirm that all clauses of this Amendment have been negotiated in good faith and are valid and fully apply to the Agreement.

4.3 Entire Agreement. This Amendment contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and commitments with respect thereto.

4.4 Ratification. The Agreement, as amended hereby, is in all respects ratified and confirmed and shall be and remain in full force and effect. All references to the Agreement in any other document or instrument shall be deemed to mean such Agreement as amended by this Amendment.

4.5 Amendments. No amendment, modification, termination or waiver of any provision of this Amendment shall be effective unless the same shall be in writing and duly executed by both Parties.

4.6 Enforceability. This Amendment shall be enforceable by and binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

4.7 Governing Law. This Amendment and all matters arising hereunder or in connection herewith shall be governed by, interpreted under, construed and enforced in accordance with the laws of the State of California, without regard to conflicts of law principles.

4.8 Counterparts and Facsimile Execution. This Amendment may be signed in any number of counterparts and each counterpart shall represent a fully executed original as if signed by both Parties, with all such counterparts together constituting but one and the same instrument. The facsimile or .pdf signatures of the Parties shall be deemed to constitute original signatures, and executed facsimile or .pdf copies hereof shall be deemed to constitute duplicate originals.

4.9 Severability. The invalidity of one or more phrases, sentences, clauses, Sections or Articles contained in this Amendment shall not affect the validity of the remaining portions of this Amendment so long as the material purposes of this Amendment can be determined and effectuated.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first stated above.

SELLER:

BUYER:

GES MEGASEVEN, LLC

THE CITY OF CALIFORNIA CITY

By: _____
Name:
Title:

By: _____
Name:
Title:

**City of California City
RES-BCT Analysis**



Steve Birndorf
Birndorf Consulting, LLC
steve@birndorf.com
415-378-5885

Contents

Executive Summary.....	3
Understanding	3
Methodology and Analysis.....	3
1. Review of the RES-BCT tariff	4
2. Review of a Generation Report.....	4
3. Segmentation of Generation Report	4
4. Cataloging of Applicable RES-BCT Tariffs	4
5. Development of Savings Model	4
Figure 1: Savings under a variety of tariffs	5
Exhibit 5	5
Conclusion.....	6
About Birndorf Consulting, LLC.....	6
Annex	8
Exhibit A: Time allocation categories of kWh generation.....	8
Exhibit B: An accounting of kWh allocations	8
Exhibit C: Applicable SCE RES-BCT Tariffs	9
Exhibit D: Summary of SCE's General Rate Case.....	9
Exhibit E: PVSyst Report.....	10
Exhibit F: Approval of GS2 Option A Tariff.....	15

Executive Summary

The City recently entered into a Power Purchase Agreement (PPA) with General Energy Solutions, Inc. (GES) to purchase energy generated by an approximately 2.45MW DC solar system. It had been represented that the City by GES that the City would save a minimum of \$50,000 per year (relative to energy costs without solar) through participation in the PPA. To validate this assertion, the City contracted with an independent, third-party contractor and verified that the City will save approximately \$115,257 in year one and \$2,765,737 over a 20 year term if the generation meter is on a GS2 Option A tariff. This tariff has been approved by SCE for use at the solar facility.

Understanding

Based on conversations with Edwin Jou of General Energy Solutions (GES), it is the Consultant's understanding that GES has recently developed a 2.45MW solar facility in the City of California. GES acquired this project from another developer, and entered into a Power Purchase Agreement with the City. Under this PPA, and in conjunction with Southern California Edison, energy is being generated under the RES-BCT tariff. As part of the agreement, GES has promised at least \$50,000 in energy savings on an annual basis over the 20 year term of the PPA. The goal of this independent tariff and generation analysis is to determine if the City will save at least \$50,000 per year because of the PPA.

Methodology and Analysis

The goal of the study was to answer and validate a number of questions including:

- How much energy will the system produce?
- At what times is the system producing energy?
- What is the value of each kWh of energy based on the time of production?
- What are the resultant savings (or bill credits) of this production?
- Will these savings meet a minimum threshold as represented by GES?

To determine if the City would save this minimum dollar savings (\$50,000) annually, an independent consultant ("Consultant") completed five activities, detailed below.

1. Review of the RES-BCT tariff: RES-BCT stands for Renewable Energy Self-Generation Bill Credit Transfer. This California program allows a “local government” with an eligible renewable energy generating facility to export energy to the grid and receive generation credits for “benefiting” accounts of the same local government. Under this tariff, the City is able to collect credits as the solar facility generates energy.
2. Review of a Generation Report: To determine when energy is being produced, GES provided a generation report showing the estimated hourly production (8760 Report) of the proposed solar system over the course of a typical meteorological year. This report is seen as Exhibit D. GES and their EPC partner utilized standard methodology in their preparation of this PVSyst report. The Consultant reviewed this report to make sure that it was within standard parameters and that assumptions were reasonable, based on the Consultant’s solar experience.
3. Segmentation of Generation Report: The Consultant segmented the production of solar generated kilowatt-hours and allocated them to various time blocks that determine the value of each kWh of generated energy, based on its time of generation. For example, kWhs produced in the summer months between noon and 6pm were allocated to “Summer On-Peak” production, as dictated by SCE tariff rules. These kWhs have a higher value than those kWhs generated during, say, winter off-peak times. A list of time allocations is shown as Exhibit A. An accounting of the allocation of kWhs is shown as Exhibit B.
4. Cataloging of Applicable RES-BCT Tariffs: The generating facility is authorized to be on four potential tariffs, and these tariffs will determine the value of energy generated. These tariffs and their time of use values are shown in Exhibit C. All tariffs are based on SCE’s most recent rate book. These tariffs and their resultant dollar amount determine how each kWh of production is valued. It is clear from the analysis that the GS2 Option A tariff is far and away the most advantageous for the City...provided the City is eligible for this tariff. Fortunately, SCE has verified that the City is indeed eligible for this tariff, and the solar facility will be on a GS2 Option A tariff. This approval is seen as Exhibit E.
5. Development of Savings Model: Once the time of kWh generation and the applicable tariff is known, savings (or credits) can be calculated by multiplying the kWh production by the appropriate rate at the appropriate time of use. A summary of the four tariffs examined is shown below in Figure 1. As can be clearly seen, the GS2 Option A tariff is the most advantageous with more than \$115k of estimated savings in the first year, net of all PPA fees. Moreover, over time as the price of energy increases, the value of savings

increases every year. For the purposes of this analysis, it is assumed that energy prices will increase at a similar rate to the increases described in SCE's General Rate Case, a summary of which is seen in Exhibit D. Under this rate case, it is assumed that energy pricing will increase 4.2% in 2019 and then another 5.2% in 2020. After 2020, this analysis has assumed a very conservative 1% annual escalation of rates through the end of the PPA term.

Figure 1: Savings under a variety of tariffs

	Y1 Credits	Y1 PPA Expense	Y1 Savings	20 Year Savings	20 Year Average
<i>GS1 Option B</i>	419,347				
<i>GS1 Option C</i>	495,897		54,025	1,393,199	69,660
<i>GS2 Option A</i>	557,129		115,257	2,765,737	138,287
<i>GS2 Option B</i>	303,276				

Exhibit 5

The Consultant also provided a cursory review of Exhibit 5 of the third amendment to the PPA. This Exhibit creates a framework for annual savings calculations as a result of the solar generation. The first iteration of Exhibit 5 was drafted some time ago by the original counter party to the PPA, American Solar Utility, LLC. The second iteration was modified by GES in an attempt to make the savings calculations simpler and easier to calculate.

Both versions contemplate a minimum savings threshold of \$50,000 per year. However, each version goes about defining and calculating savings in different fashion. The original iteration takes an overly complicated approach in determining savings. In this iteration, savings are calculated using summation equations broken down into peak, mid-peak and off peak components. Formulas are complex, as demonstrated below:

$$A_n = [((P_p * R_p) - (P_p * S_R)) + ((P_{mp} * R_{mp}) - (P_{mp} * S_R)) + ((P_{op} * R_{op}) - (P_{op} * S_R)) + \sum_{b=1}^m (X_b)]$$

$$X_b = [((K * F) - (K * D)) + ((K_p * F_p) - (K_p * D_p)) + ((K_{mp} * F_{mp}) - (K_{mp} * D_{mp})) + ((K_{op} * F_{op}) - (K_{op} * D_{op}))]. \text{ must be greater than or equal to zero.}$$

$$If [(((K * F) - (K * D)) + ((K_p * F_p) - (K_p * D_p)) + ((K_{mp} * F_{mp}) - (K_{mp} * D_{mp})) + ((K_{op} * F_{op}) - (K_{op} * D_{op}))]$$

The formulas are convoluted and will invariably lead to confusion as savings are calculated on a monthly and yearly basis. These are not easy or intuitive equations to follow or validate savings with.

The formula for savings in the second iteration is much more concise, as seen below:

$$S_i = C_i - P_i + U_i - T_i$$

In effect, both iterations are solving for the same thing, e.g. what are the annual dollar savings based on actual production. Each represents this sentiment in a different mathematical equation. It is the opinion of the Consultant that the second iteration is a better option as it is more concise and more clearly reflects what the intention is via mathematical formula.

Likely, to get an answer to the question of savings at the end of each year, regardless of equation, the City will have to undertake an audit, much like this analysis, and look at the actual production multiplied by the appropriate time of use rate. Ultimately, the City will need to calculate how much energy was produced and at what times, and then compare this with the applicable generation rate.

Conclusion

the goal of the study was to determine if the solar array will save the city at least \$50,000 per year. By looking at the system's estimated production, and determining the value of kWhs at various time of use rates, it is possible to determine the value of savings. It is the opinion of this Consultant, that, with the evidence provided, the solar systems will save at least \$50,000 per year during the term of the PPA.

About Birndorf Consulting, LLC

Steve Birndorf is a seasoned solar and renewable energy executive with 20 years of professional experience, including nearly a decade developing, financing and selling solar projects. With a foundation in consulting, finance, and business development, Steve has developed projects, led teams, built organizations and developed nearly \$100M of commercial solar projects. Before moving into business, Steve began his career as an educator and still enjoys working

collaboratively with customers to identify problems and develop solutions. Steve earned his undergraduate degree from the University of Pennsylvania where he graduated magna cum laude. He later earned an MS and MBA at the University of California at Berkeley.

Annex

Exhibit A: Time allocation categories of kWh generation

SPECIAL CONDITIONS

1. Applicable rate time periods are defined as follows:

On-Peak:	Noon to 6:00 p.m. summer weekdays except holidays.
Mid-Peak:	8:00 a.m. to Noon and 6:00 p.m. to 11:00 p.m. summer weekdays except holidays. 8:00 a.m. to 9:00 p.m. winter weekdays except holidays.
Off-Peak:	All other hours.

Exhibit B: An accounting of kWh allocations

kWh Generation					
Period	On Peak	Mid Peak	Off Peak	Total	Total %
1/1/2018 - 2/1/2018 W	0	180,958	71,751	252,709	4.9%
2/1/2018 - 3/1/2018 W	0	183,048	77,773	260,821	5.0%
3/1/2017 - 4/1/2017 W	0	299,212	117,704	416,916	8.0%
4/1/2017 - 5/1/2017 W	0	308,741	172,558	481,299	9.3%
5/1/2017 - 6/1/2017 W	0	413,509	175,711	589,220	11.3%
6/1/2017 - 7/1/2017 S	240,166	186,292	196,611	623,069	12.0%
7/1/2017 - 8/1/2017 S	212,450	160,340	208,739	581,529	11.2%
8/1/2017 - 9/1/2017 S	229,802	171,356	156,207	557,365	10.7%
9/1/2017 - 10/1/2017 S	194,964	134,716	151,221	480,901	9.3%
10/1/2017 - 11/1/2017 W	0	287,036	118,991	406,027	7.8%
11/1/2017 - 12/1/2017 W	0	200,387	84,856	285,243	5.5%
12/1/2017 - 1/1/2018 W	0	166,359	97,032	263,391	5.1%
Totals:	877,382	2,691,954	1,629,154	5,198,490	100.0%
				5,198,490	

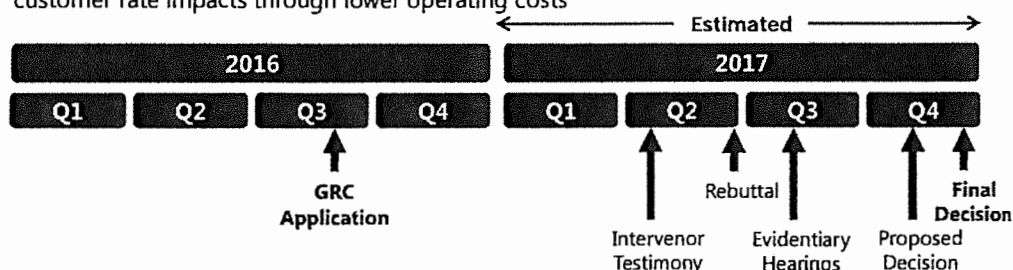
Exhibit C: Applicable SCE RES-BCT Tariffs

		GS1		GS2	
		Option B	Option C	Option A	Option B
Summer	On	\$ 0.13283	\$ 0.15667	0.35987	0.10146
	Mid	\$ 0.05710	\$ 0.11306	0.10007	0.05845
	Off	\$ 0.03842	\$ 0.08405	0.03545	0.03546
Winter	Mid	\$ 0.08992	\$ 0.07922	0.05464	0.05465
	Off	\$ 0.05978	\$ 0.06895	0.04297	0.04298

Exhibit D: Summary of SCE's General Rate Case

2018 SCE General Rate Case (GRC) Summary

- 2018 GRC Application (A. 16-09-001) filed September 1st
- Addresses major portion of CPUC jurisdictional revenue requirement for 2018-2020
 - Includes operating costs and capital investment
 - Excludes CPUC jurisdictional costs such as fuel and purchased power, cost of capital and other discrete SCE capital projects (such as SCE Charge Ready – transportation electrification infrastructure program)
 - Excludes FERC jurisdictional transmission
- Requests 2018 revenue requirement of \$5.885 billion
 - \$222 million increase over presently authorized base rates, a 2.7% increase over total rates
 - Requests post test year increases: \$533 million in 2019 and \$570 million in 2020, 4.2% and 5.2% increases over presently authorized total rates, respectively
- GRC filing consistent with SCE strategy to focus on safety and reliability by continuing infrastructure investment and beginning grid modernization investments while mitigating customer rate impacts through lower operating costs



Note: Actual schedule to be set by CPUC in a future regulatory order. The schedule is subject to change over the course of the proceeding.

September 1, 2016

2



Exhibit E: PVSyst Report

PVSYST V6.39		04/03/16		Page 1/5
Grid-Connected System: Simulation parameters				
Project : California City				
Geographical Site		Edwards Afb	Country	United States
Situation		Latitude 34.9°N	Longitude	117.9°W
Time defined as		Legal Time Time zone UT-8	Altitude	706 m
		Albedo 0.20		
Meteo data:		Edwards Afb	TMY - NREL: TMY3 hourly DB (1991-2005)	
Simulation variant : California City 19 new310				
		Simulation date	04/03/16 12h24	
Simulation parameters				
Tracking plane, tilted Axis		Axis Tilt 0°	Axis Azimuth	0°
Rotation Limitations		Minimum Phi -60°	Maximum Phi	60°
Backtracking strategy		Tracker Spacing 7.81 m	Collector width	3.92 m
Inactive band		Left 0 m	Right	0 m
Models used		Transposition Perez	Diffuse	Imported
Horizon		Free Horizon		
Near Shadings		No Shadings		
PV Array Characteristics				
PV module		Si-poly	Model BYM6612P-310	
Custom parameters definition		Manufacturer	boviet	
Number of PV modules		In series 19 modules	In parallel	416 strings
Total number of PV modules		Nb. modules 7904	Unit Nom. Power	310 Wp
Array global power		Nominal (STC) 2450 kWp	At operating cond.	2356 kWp (35°C)
Array operating characteristics (50°C)		U mpp 669 V	I mpp	3522 A
Total area		Module area 15337 m²	Cell area	13852 m²
Inverter				
		Model SG60KU-M		
		Manufacturer Sungrow		
Characteristics		Operating Voltage 300-950 V	Unit Nom. Power	60 kWac
Inverter pack		Nb. of inverters 32 units	Total Power	1920 kWac
PV Array loss factors				
Array Soiling Losses			Loss Fraction	1.5 %
Thermal Loss factor		Uc (const) 29.0 W/m²K	Uv (wind)	0.0 W/m²K / m/s
Wiring Ohmic Loss		Global array res. 2.9 mOhm	Loss Fraction	1.5 % at STC
Module Quality Loss			Loss Fraction	-0.4 %
Module Mismatch Losses			Loss Fraction	1.0 % at MPP
Incidence effect, ASHRAE parametrization		IAM = 1 - bo (1/cos i - 1)	bo Param.	0.05

PVSyst Licensed to: Bep Power Corporation aka Cenergy Power (United states)

Grid-Connected System: Simulation parameters (continued)

System loss factors

AC wire loss inverter to transfo	Inverter voltage	480 Vac tri		
	Wires: 3x2000.0 mm ²	203 m	Loss Fraction	2.0 % at STC
External transformer	Iron loss (24H connexion)	2421 W	Loss Fraction	0.1 % at STC
	Resistive/Inductive losses	1.0 mOhm	Loss Fraction	1.0 % at STC

User's needs : Unlimited load (grid)

Grid-Connected System: Main results

Project : California City

Simulation variant : California City 19 new310

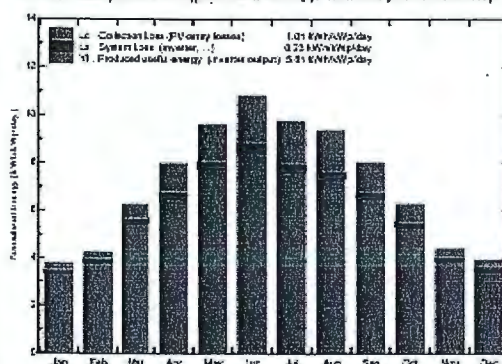
Main system parameters

PV Field Orientation	tracking, tilted axis, Axis Tilt	System type	Grid-Connected	Axis Azimuth	0°
PV modules		Model	BVM6612P-310	Pnom	310 Wp
PV Array		Nb. of modules	7904	Pnom total	2450 kWp
Inverter		Model	SG60KU-M	Pnom	60.0 kW ac
Inverter pack		Nb. of units	32.0	Pnom total	1920 kW ac
User's needs		Unlimited load (grid)			

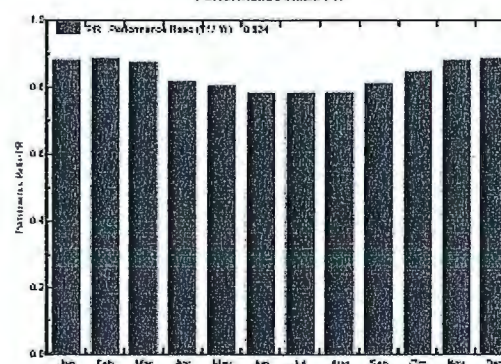
Main simulation results

System Production	Produced Energy	5198 MWh/year	Specific prod.	2122 kWh/kWp/year
	Performance Ratio PR	82.4 %		

Normalized productions (per installed kWp): Nominal power 2450 kWp



Performance Ratio PR

California City 19 new310
Balances and main results

	GlobHor MJ/m²	T Amb °C	GlobInc kWh/m²	GlobEff kWh/m²	EArray MWh	E_Grid MWh	EffArrR %	EffSysR %
January	90.5	8.66	116.7	110.4	282.0	252.7	16.64	14.12
February	95.0	7.45	119.8	114.1	270.7	260.8	16.74	14.20
March	151.2	8.71	109.1	186.7	433.2	416.9	16.55	14.01
April	180.8	13.05	230.5	231.3	500.9	481.3	13.64	13.10
May	232.4	21.22	258.8	280.9	613.2	580.2	13.38	12.86
June	259.3	22.78	324.6	315.5	648.5	623.1	13.03	12.52
July	235.0	27.32	350.4	283.4	604.8	581.5	13.04	12.54
August	221.6	28.21	280.2	280.7	579.8	567.4	13.07	12.55
September	182.0	23.23	241.5	233.4	499.8	480.9	13.50	12.90
October	145.3	15.98	105.1	187.3	421.4	405.0	16.88	13.57
November	100.2	8.79	132.0	125.3	295.9	285.2	16.61	14.09
December	89.8	6.05	121.0	114.0	272.0	263.4	16.70	14.10
Year	1984.1	16.01	2574.7	2482.1	5403.0	5195.5	13.68	13.16

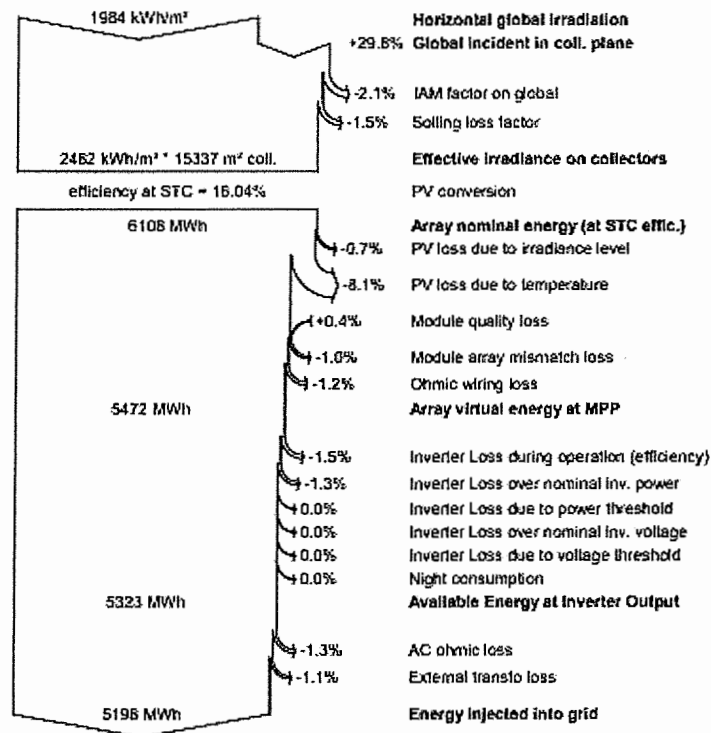
Legends:	GlobHor	Horizontal global irradiation	EArray	Effective energy at the output of the array
	T Amb	Ambient Temperature	E_Grid	Energy exported into grid
	GlobInc	Global incident on col. plane	EffArrR	Effic. of array / rough area
	GlobEff	Effective Global, corr. for IAM and shadings	EffSysR	Effic. of system / rough area

Grid-Connected System: Loss diagram

Project : California City
Simulation variant : California City 19 new310

Main system parameters	System type	Grid-Connected	
PV Field Orientation	tracking, tilted axis, Axis Tilt	0°	Axis Azimuth
PV modules	Model	BVM6612P-310	Pnom 310 Wp
PV Array	Nb. of modules	7904	Pnom total 2450 kWp
Inverter	Model	SG60KU-M	Pnom 60.0 kW ac
Inverter pack	Nb. of units	32.0	Pnom total 1920 kW ac
User's needs	Unlimited load (grid)		

Loss diagram over the whole year



Grid-Connected System: P50 - P90 evaluation

Project : California City

Simulation variant : California City 19 new310

Main system parameters		System type	Grid-Connected		
PV Field Orientation	tracking, tilted axis, Axis Tilt	0°	Axis Azimuth	0°	
PV modules	Model	BVM6612P-310	Pnom	310 Wp	
PV Array	Nb. of modules	7904	Pnom total	2450 kWp	
Inverter	Model	SG60KU-M	Pnom	60.0 kW ac	
Inverter pack	Nb. of units	32.0	Pnom total	1920 kW ac	
User's needs	Unlimited load (grid)				

Evaluation of the Production probability forecast

The probability distribution of the system production forecast for different years is mainly dependent on the meteo data used for the simulation, and depends on the following choices:

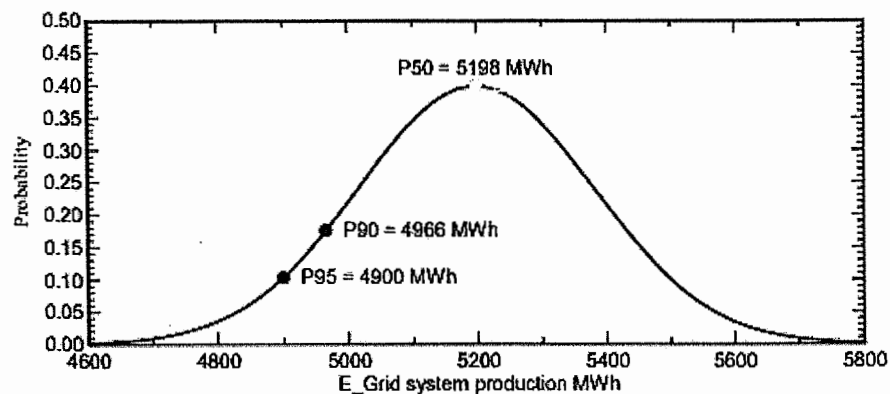
Meteo data source	NREL: TMY3 hourly DB (1991-2005)
Meteo data	Kind TMY, multi-year
Specified Deviation	Climate change 0.0 %
Year-to-year variability	Variance 2.5 %

The probability distribution variance is also depending on some system parameters uncertainties


Specified Deviation	PV module modelling/parameters	2.0 %	
	Inverter efficiency uncertainty	0.5 %	
	Soiling and mismatch uncertainties	1.0 %	
	Degradation uncertainty	0.6 %	
	Custom variability	0.5 %	
Global variability (meteo + system)	Variance	3.5 %	(quadratic sum)

Annual production probability	Variability	181 MWh
	P50	5198 MWh
	P90	4966 MWh
	P95	4900 MWh

Probability distribution



FW: (External);RE: (External);FW: GFID8475 Customer Account Number

 Edwin Jou (周敏文) via gesyw.annmicrosoft.com
to Scott, Steve, Robert, Sander, Jack, Chen, James, Lee ~

Mar 21 (9 days ago)

Scott and Steve,

Here is the confirmation from Cindy at SCE that the generation meter for Cal City Project is currently on TDU-GS2A. Please see her email below.

Best regards,

Edwin

From: Cindy Huang [mailto:Cindy.Huang@sce.com]
Sent: Wednesday, March 21, 2018 7:36 AM
To: Edwin Jou (周敏文) <Edwin.Jou@gesyw.com>
Subject: RE: (External);RE: (External);FW: GFID8475 Customer Account Number

Hi Edwin,

You are within the requirements of RES-BCT per Joe Ezzolo's comment.

EXTERNAL ONLY: For billing & account inquiries, please call Eliana Gonzalez, Supporting Project Analyst at (909) 942-8011 email Eliana.gonzalez@sce.com

Sindy Huang

Account Manager (Wholesale Interconnection Generation), Strategic Initiatives
Customer Service | Business Customer Division
Gateway 6020M - 6020 Ivydale Ave, Ivydale CA
T: 626.812.7629(C: 714.943.6819)Commercial Call Center 800.990.7788(Emergency/Outage Hotline 800.611.1911
sindy.huang@sce.com)



LinkedIn | Twitter | SCE Facebook Page

CONFIDENTIALITY: This e-mail, and any files transmitted with it, are intended solely for the use of the individual or entity to whom they are addressed. If you receive this e-mail in error, please reply and let the sender know.

© 2018 Southern California Edison. All rights reserved.

Property Rental Agreement

In consideration for this agreement to Rent the Land, that has been leased to American Solar Utility LLC know as Parcel with an APN of 302-324-06 and described as; the North half (1/2) of the South half (1/2) of the Southwest quarter (1/4) of Section 11, Township 32 South, Range 37 East, M.D.B.M. in the County of Kern, State of California according to the official plat thereof.

The strip of land described herein and is designated, for reference purposes only, as rental area "A", that commences from the northwest corner of parcel 302-324-06, True Point of Beginning, along the northern property line, N89°42'22"E of said parcel, heading East 1,375' to the northeast corner of area. Thence leaving said northeast corner, heading South, N00°06'13"E, for 220' to the southeast corner. Thence leaving said southeast corner heading West, N89°38'33"E, for 1,375' to the southwest corner. Thence leaving said southwest corner heading North, N00°10'28"E, for 220' to the northwest corner. Back to the True Point of Beginning. (Hereinafter the "Property"). This Rental area is approximately 302,500 square feet or about 6.944 Acres in size and has an assigned address of 24200 Neuralia Road, California City, California 93505.

The Property described above is owned by Jerry & Dolores Stefek Family Trust ("Owner") as landlord and has been leased to American Solar Utility LLC or its assignee ("Lessee") in a Land Lease Agreement for Specified Use dated October 2nd, 2013. The Lessee is requesting approval from the Owner of a subtenant as a renter, The City of California City ("Subtenant"), for the period commencing January 5, 2016 and terminating in parallel with the Power Purchase Agreement ("PPA") executed between the Lessee and Subtenant dated August 19, 2014. Any extension of the PPA shall extend this rental agreement for the same duration as described in Section 11. Subtenant, in consideration of Owners and Lessee permitting them to occupy the above property, hereby agrees to the following terms:

1. RENT: The payment of rent shall be One Dollar (\$ 1.00), due and payable at the execution of this Agreement and is in effect as long as the Subtenant and Lessee maintain the PPA referenced above. The obligation to pay existing Lease Agreement between Owner and Lessee is solely the responsibility of American Solar Utility LLC or its assignee.
2. ACCEPTANCE OF PROPERTY: Subtenant accepts the "AS IS" condition of the property, waiving inspection of same by Owner, Lessee and agrees to notify Owner and Lessee of any defects.
3. OWNER'S and LESSEE STATEMENTS: All rights given to the Owner and Lessee by this agreement shall be cumulative in addition to any other laws which might exist or come into being. Any exercise or failure to exercise, by the Owner or the Lessee of any right shall not act as a waiver of any other rights. No statement or promise of Owner, Lessee or his agent as to tenancy, repairs, alternations, or other terms and conditions shall be binding unless specified in writing and specifically endorsed.
4. RIGHT TO SIGN: The individual(s) signing this Rental Agreement as to Subtenant stipulates and warrants that he/she/they have the right to sign for and to bind all occupants.

5. REMOVAL OF PROPERTY: Subtenant agrees not to remove or alter in any way Lessee's property without written permission from the Lessee. Any removal or alteration of Owners or Lessee property without permission shall constitute abandonment and surrender of the premises, and termination by the Subtenant of this agreement. Owner and Lessee may take immediate possession and exclude Subtenant from the property, storing all Subtenants possessions at Subtenant's expense pending reimbursement in full for Owner's and Lessee loss and damages.

6. TERMINATION: After the rent payment has been received, this agreement may be terminated by mutual consent of the Lessee and Subtenant. The Lessee and Subtenant agree that termination of this agreement prior to the termination of the PPA, regardless of cause, will constitute a breach of the tenancy as agreed herein.

7. METHOD OF PAYMENT: All payments of rent under this agreement must be made by check.

8. DELIVERY OF RENTS: Rents may be mailed through the U.S. mail to 1470 Civic Court, Suite 309, Concord, CA 94520. Any rents lost in the mail will be treated as if unpaid until received by Lessee.

9. OWNERS, LESSEE, AGENTS, USE AND ACCESS: Subtenant specifically agrees to permit the Owner, Lessee or agent(s) access and use of the Property. Subtenant must get approval from Lessee before building or utilizing the property for any purpose other than gaining access, receiving power and interconnection to the electrical grid. This Rental Agreement is to allow property access to the PV solar power system as per the Power Purchase Agreement signed by the Lessee and the Subtenant with the address of 24200 Neuralia Road, California City, California 93505. The Lessee of the property is to build a photovoltaic ("PV") solar project on the property to provide power from that PV solar system to the subtenant through a PPA. This Property Rental Agreement does not allow the Subtenant the right to build, erect, install, or operate on the Property without written consent from the Lessee.

10. DEFAULT BY SUBTENANT: Any breach or violation of any provision of this contract by Subtenant shall give the Owner, Lessee or his agent's the right to terminate this contract, evict the Subtenant and to take possession of the Property.

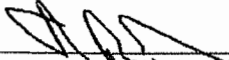
11. RENEWAL TERM: At the end of initial PPA term referenced herein, this Agreement will automatically renew for an additional period paralleling a renewal of the PPA with Subtenant. The renewal term is contingent on a binding PPA between Lessee and Subtenant for the same term as the PPA.

12. ACKNOWLEDGMENT: It is understood that the Property Rented under this Agreement is encumbered by an existing lease agreement between Owner and Lessee. The Subtenant agrees that it will not affect the agreements and rights of the Lessee with the Owner. The governing law shall be the State of California without regard to the jurisdiction that any action has taken place or was instituted. The below-signed parties acknowledge that they have read and understand all of the provisions of this agreement. This contract is bound by all heirs, executors, successors and/or assigns.

LEGAL CONTRACT: This is a legally binding contract. If you do not understand any part of this contract, seek competent legal advice before signing.

ACCEPTED THIS 12th day of January, 2016.

American Solar Utility LLC




Lessee President and Managing Member

The City of California City

Subtenant City Manager

Jerry & Dolores Stefek Family Trust



Owner

California City PC Solar Project Site

24200 (A) Neuralia Road, California City, California

Rental Area: 302,500 Sq Ft. (+- 6.944 Acres)

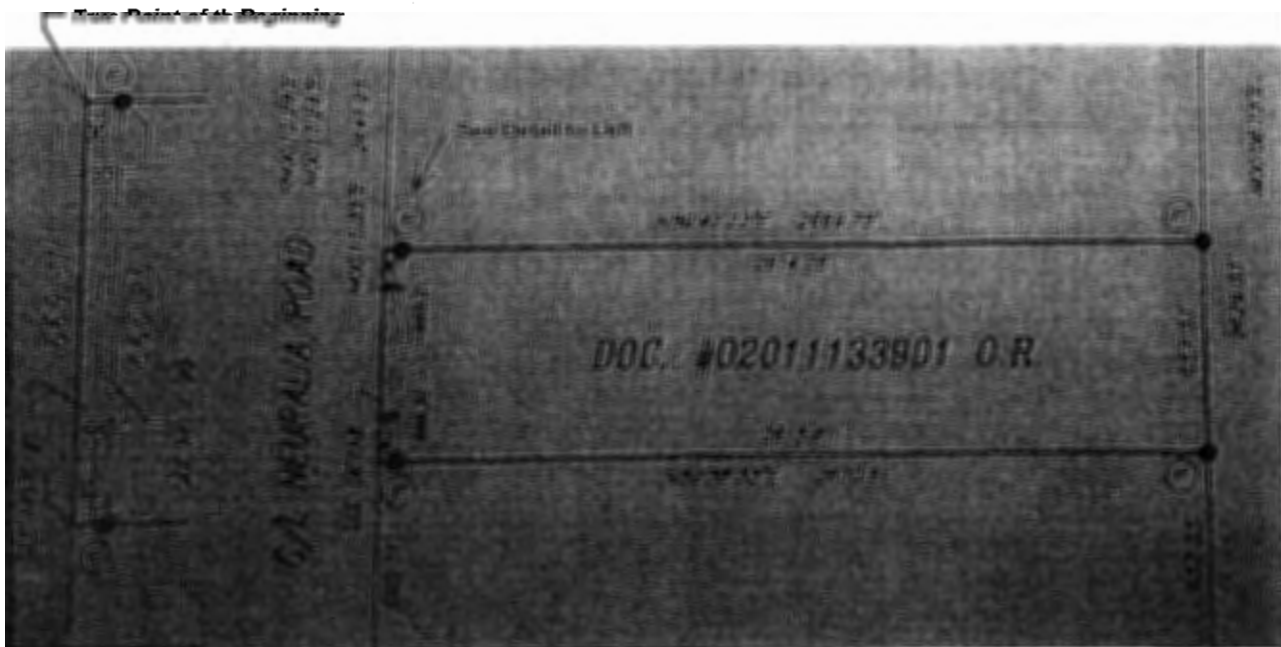
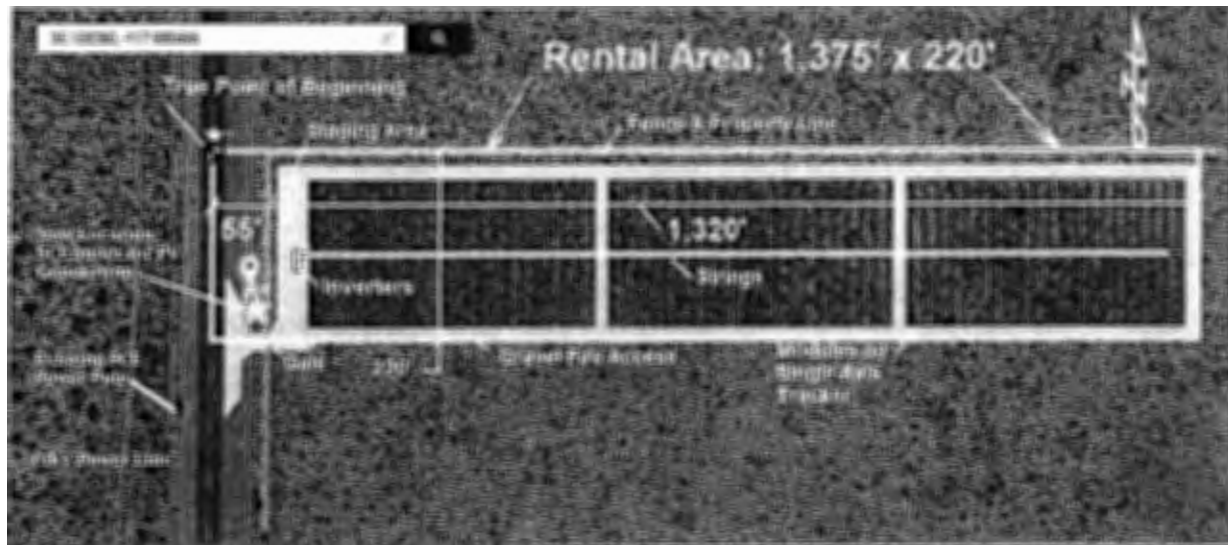
Commencing from the Northwestern corner of parcel # 302-324-06, True Point of Beginning, along the north line, N89°42'22"E, of said Parcel, East 1,375'.

Thence leaving said northerly line, heading South, N00°06'13"E, 220'.

Thence leaving said southeast corner West N89°38'33"E, 1,375'.

Thence leaving said southwest corner North N00°10'28"E, 220'.

Back to the True Point of Beginning.



Property Rental Agreement

In consideration for this agreement to Rent the Land, that has been leased to American Solar Utility LLC know as Parcel with an APN of 302-324-06 and described as; the North half (1/2) of the South half (1/2) of the Southwest quarter (1/4) of Section 11, Township 32 South, Range 37 East, M.D.B.M. in the County of Kern, State of California according to the official plat thereof.

The strip of land described herein and designated, for reference purposes only, as rental area "B", that commences from the northwestern corner of parcel 302-324-06, South along said westerly property line, N00°10'28"E, 220', True Point of Beginning, paralleling the north property line, N89°42'22"E of said parcel, East 1,375' to the northern corner or area. Thence leaving said northern corner, heading South, N00°06'13"E, for 212' to the southeast corner. Thence leaving said southeast corner West, N89°38'33"E, for 1,375' to the southwest corner. Thence leaving said southwest corner North, N00°10'28"E, for 212' to the northwest corner. Back to the True Point of Beginning. (Hereinafter the "Property"). This Rental area is approximately 291,500 square feet or 6.69 Acres in size and has an assigned address of 24200 Neuralia Road, California City, California 93505.

The Property described above is owned by Jerry & Dolores Stefek Family Trust ("Owner") as landlord and has been leased to American Solar Utility LLC or its assignee ("Lessee") in a Land Lease Agreement for Specified Use dated October 2nd, 2013. The Lessee is requesting approval from the Owner of a subtenant as a renter, The City of California City ("Subtenant"), for the period commencing January 5, 2016 and terminating in parallel with the Power Purchase Agreement ("PPA") executed between the Lessee and Subtenant dated August 19, 2014. Any extension of the PPA shall extend this rental agreement for the same duration as described in Section 11. Subtenant, in consideration of Owners and Lessee permitting them to occupy the above property, hereby agrees to the following terms:

1. RENT: The payment of rent shall be One Dollar (\$ 1.00), due and payable at the execution of this Agreement and is in effect as long as the Subtenant and Lessee maintain the PPA referenced above. The obligation to pay existing Lease Agreement between Owner and Lessee is solely the responsibility of American Solar Utility LLC or its assignee.
2. ACCEPTANCE OF PROPERTY: Subtenant accepts the "AS IS" condition of the property, waiving inspection of same by Owner, Lessee and agrees to notify Owner and Lessee of any defects.
3. OWNER'S and LESSEE STATEMENTS: All rights given to the Owner and Lessee by this agreement shall be cumulative in addition to any other laws which might exist or come into being. Any exercise or failure to exercise, by the Owner or the Lessee of any right shall not act as a waiver of any other rights. No statement or promise of Owner, Lessee or his agent as to tenancy, repairs, alternations, or other terms and conditions shall be binding unless specified in writing and specifically endorsed.
4. RIGHT TO SIGN: The individual(s) signing this Rental Agreement as to Subtenant stipulates and warrants that he/she/they have the right to sign for and to bind all occupants.

5. REMOVAL OF PROPERTY: Subtenant agrees not to remove or alter in any way Lessee's property without written permission from the Lessee. Any removal or alteration of Owners or Lessee property without permission shall constitute abandonment and surrender of the premises, and termination by the Subtenant of this agreement. Owner and Lessee may take immediate possession and exclude Subtenant from the property, storing all Subtenants possessions at Subtenant's expense pending reimbursement in full for Owner's and Lessee loss and damages.

6. TERMINATION: After the rent payment has been received, this agreement may be terminated by mutual consent of the Lessee and Subtenant. The Lessee and Subtenant agree that termination of this agreement prior to the termination of the PPA, regardless of cause, will constitute a breach of the tenancy as agreed herein.

7. METHOD OF PAYMENT: All payments of rent under this agreement must be made by check.

8. DELIVERY OF RENTS: Rents may be mailed through the U.S. mail to 1470 Civic Court, Suite 309, Concord, CA 94520. Any rents lost in the mail will be treated as if unpaid until received by Lessee.

9. OWNERS, LESSEE, AGENTS, USE AND ACCESS: Subtenant specifically agrees to permit the Owner, Lessee or agent(s) access and use of the Property. Subtenant must get approval from Lessee before building or utilizing the property for any purpose other than gaining access, receiving power and interconnection to the electrical grid. This Rental Agreement is to allow property access to the PV solar power system as per the Power Purchase Agreement signed by the Lessee and the Subtenant with the address of 24200 Neuralia Road, California City, California 93505. The Lessee of the property is to build a photovoltaic ("PV") solar project on the property to provide power from that PV solar system to the subtenant through a PPA. This Property Rental Agreement does not allow the Subtenant the right to build, erect, install, or operate on the Property without written consent from the Lessee.

10. DEFAULT BY SUBTENANT: Any breach or violation of any provision of this contract by Subtenant shall give the Owner, Lessee or his agent's the right to terminate this contract, evict the Subtenant and to take possession of the Property.

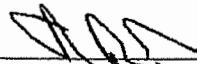
11. RENEWAL TERM: At the end of initial PPA term referenced herein, this Agreement will automatically renew for an additional period paralleling a renewal of the PPA with Subtenant. The renewal term is contingent on a binding PPA between Lessee and Subtenant for the same term as the PPA.

12. ACKNOWLEDGMENT: It is understood that the Property Rented under this Agreement is encumbered by an existing lease agreement between Owner and Lessee. The Subtenant agrees that it will not affect the agreements and rights of the Lessee with the Owner. The governing law shall be the State of California without regard to the jurisdiction that any action has taken place or was instituted. The below-signed parties acknowledge that they have read and understand all of the provisions of this agreement. This contract is bound by all heirs, executors, successors and/or assigns.

LEGAL CONTRACT: This is a legally binding contract. If you do not understand any part of this contract, seek competent legal advice before signing.

ACCEPTED THIS 12th day of January, 2016.

American Solar Utility LLC

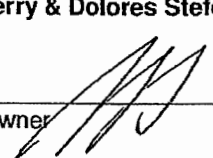



Lessee President and Managing Member

The City of California City

Subtenant City Manager

Jerry & Dolores Stefek Family Trust

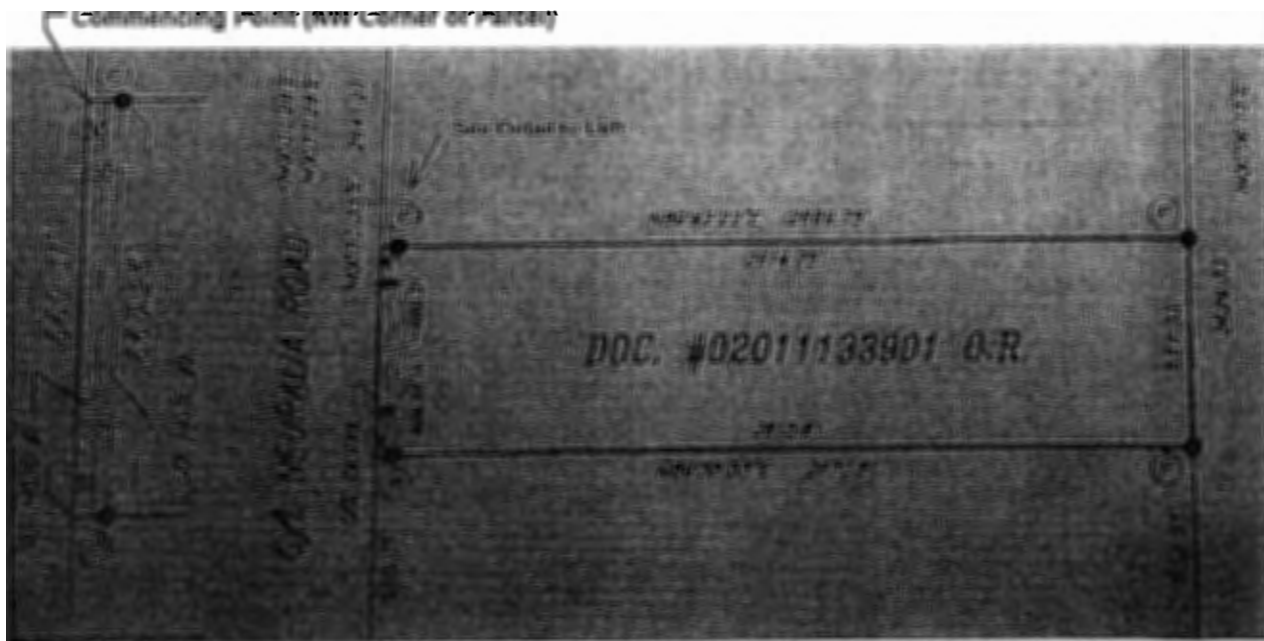
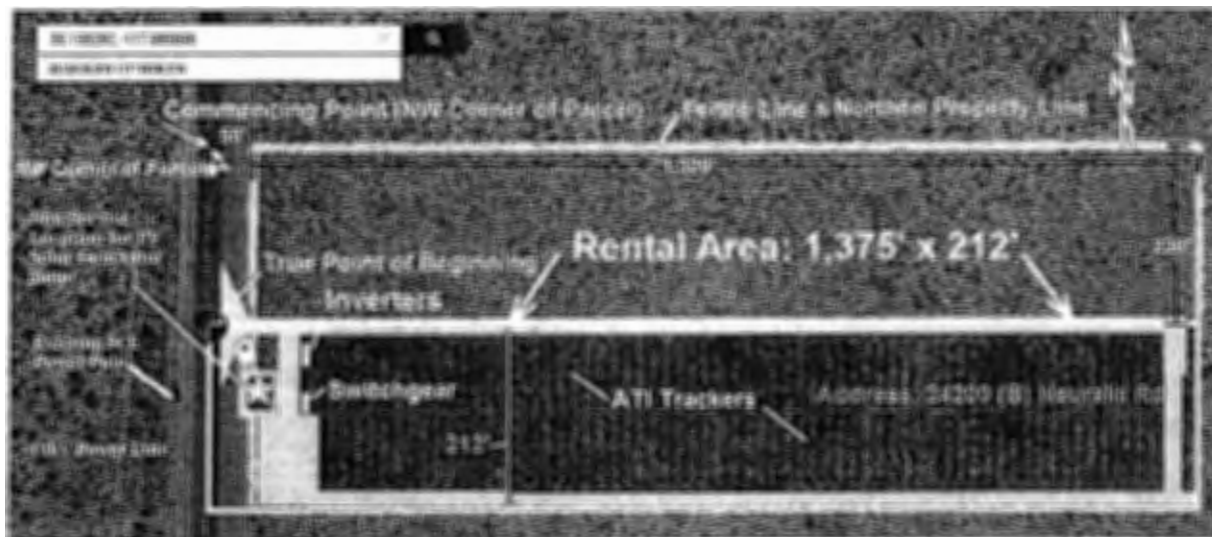
Owner

California City PC Solar Project Site

24200 (B) Neuralia Road, California City, California

Rental Area: 291,500 Sq Ft. (+- 6.69 Acres)

Commencing from the Northwestern corner of parcel # 302-324-06,
South along said westerly property line, N00°10'28"E, 220', True Point of
Beginning, paralleling the north line, N89°42'22"E, of said Parcel, East 1,375'.
Thence leaving said northerly line, heading South, N00°06'13"E, 212'.
Thence leaving said southeast corner West N89°38'33"E, 1,375'.
Thence leaving said southwest corner North N00°10'28"E, 212'.
Back to the True Point of Beginning.



CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

**FROM: Bob Stockwell, City Manager
Scott E. Porter, Assistant City Attorney**

**SUBJECT: Extension of Existing Lease for Wireless Telecommunication Facility
at 21130 Hacienda Blvd. (Behind Police Station)**

.....

Recommendation

Staff recommends that the City Council approve a motion to authorize the City Manager to approve an agreement with Fresno MSA Limited Partnership d/b/a Verizon Wireless in a form substantially similar to that in Exhibit A to this staff report. The agreement would extend the existing lease term for an additional 30 years, and require Verizon to make one payment of \$315,000 in lieu of future payments of rent.

Background

Effective November 9, 2011, the City and Fresno MSA Limited Partnership d/b/a Verizon Wireless entered into an "Option to Lease Real Property." (Exhibit A). In approximately March 1, 2012, consistent with the option agreement, the City entered into a lease agreement with Verizon Wireless to allow Verizon Wireless to install its wireless facilities on 2,500 square feet of City-owned property just to the east of the Police Department building on Hacienda Boulevard.

The initial term of the Lease was five years (2012-2017), and the initial annual rent was \$16,800 per year (paid \$1,400/month). The lease grants Verizon Wireless the right to extend the term of the lease for 4 additional 5-year terms (i.e. through February 28, 2036). At the start of each 5-year extension term, the rent increases by 10 percent. Verizon exercised its first extension and is now paying rent at the rate of \$18,480 per year (\$1,540 per month). The following chart shows the required rental amounts from the existing agreement:

	Term of Agreement	Annual Rent
Original Term	Mar 2012- Feb 2017	\$16,800.00
Extension #1 (current term)	Mar 2017- Feb 2022	\$18,480.00
Extension #2	Mar 2022- Feb 2027	\$20,328.00
Extension #3	Mar 2027- Feb 2032	\$22,360.00
Extension #4	Mar 2032- Feb 2037	\$24,596.88

NB 2.

Verizon Proposal

Verizon, through its third-party manager, Tower Alliance, proposed that the existing lease be amended. The proposed amendment (shown as Exhibit B to this staff report), would extend the lease for up to 30 additional years by granting Verizon up to six additional five-year extensions (2037-2067). Within 30 days of signing the agreement, Verizon would be required to make a \$315,000.00 one-time payment. Thereafter, the yearly rent would be reduced to \$1 per year, starting on May 1, 2018.

Via the amendment, the City would also be allowing Verizon to allow third parties to collocate on the facility if the City receives the greater of \$1,000 per month or 40% of the revenue charged by Lessee to the collocater. Verizon must also provide insurance to protect the City. The City would allow Verizon to grant a security interest in its lease.

The City's grant of *real estate* rights, however, does not include a grant of regulatory rights. That is, Verizon must still comply with all "local, state, and federal laws, including the requirement that the Lessor obtain any required business license, zoning related approvals, and applicable building permits."

The lease does not call out any special aesthetic requirements for Verizon's facility, although, if directed by the City Council, staff could negotiate with Verizon to see what could be done to change the appearance of the facility, if that is something of importance to the City Council.

Fiscal Impact

Within 30 days of execution of the Agreement, the City must be paid \$315,000. The city will lose the future rental payments that it would have otherwise received.

Environmental Action: None.

Exhibit A: Existing "Option to Lease Real Property" and related Land Lease Agreement

Exhibit B: Proposed First Amendment to Property Rental Agreement

EXHIBIT A

Existing "Option to Lease Real Property"

and related

Land Lease Agreement

EXHIBIT B

Proposed First Amendment to Property Rental Agreement

THE FIRST AMENDMENT TO OPTION TO LEASE REAL PROPERTY

This First Amendment to Option to Lease Real Property (this "**Amendment**") is made effective as of the latter signature date hereof (the "**Effective Date**") by and between The City of California City ("**Lessor**") and Fresno MSA Limited Partnership d/b/a Verizon Wireless ("**Lessee**") (Lessor and Lessee being collectively referred to herein as the "**Parties**").

RECITALS

WHEREAS, Lessor owns the real property (the "Parent Parcel") a part of which Lessor leased to Lessee; and

WHEREAS, Lessor and Lessee entered into that certain Option to Lease Real Property dated November 9, 2011 (the "**Lease**"), pursuant to which the Lessee leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises are also described on Exhibit A to the Lease; and

WHEREAS, Lessee warrants that it, and other parties identified therein, entered into a Management Agreement and a Master Prepaid Lease, both with an effective date of March 27, 2015 and both with ATC Sequoia LLC, a Delaware limited liability company ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Leased Premises, all as more particularly described therein; and

WHEREAS, Lessee warrants that it has granted American Tower a limited power of attorney (the "**POA**") to, among other things, prepare, negotiate, execute, deliver, record and/or file certain documents on behalf of Lessee, all as more particularly set forth in the POA; and

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease to extend the term thereof and to otherwise modify the Lease as expressly provided herein.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants set forth herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **One-Time Payment.** Lessee shall pay to Lessor a one-time payment in the amount of **Three Hundred Fifteen Thousand and No/100 Dollars (\$315,000.00)**. This amount shall be paid no later than the latest to occur of: (1) thirty (30) days of the Effective Date; Lessor sending Lessee an executed copy of this Agreement and the Memorandum (as defined herein) Lessee (b) Lessor sending Lessee any documents reasonably requested by Lessee in order to effectuate the transaction and payment contemplated herein.
2. **Lease Term Extended.** Notwithstanding anything to the contrary contained in the Lease or this Amendment, the Parties agree the Lease originally commenced on March 1, 2012 and, without giving effect to the terms of this Amendment but assuming the exercise by Lessee of all remaining renewal options contained in the Lease (each an "**Existing Renewal Term**" and, collectively, the "**Existing Renewal Terms**"), the Lease is otherwise scheduled to expire on

February 28, 2037. In addition to any Existing Renewal Term(s), the Lease is hereby amended to provide Lessee with the option to extend the Lease for each of six (6) additional five (5) year renewal terms (each a "**New Renewal Term**" and, collectively, the "**New Renewal Terms**"). Notwithstanding anything to the contrary contained in the Lease, (a) all Existing Renewal Terms and New Renewal Terms shall automatically renew unless Lessee notifies Lessor that Lessee elects not to renew the Lease at least sixty (60) days prior to the commencement of the next Renewal Term (as defined below) and (b) Lessor shall be able to terminate this Lease only in the event of a material default by Lessee, which default is not cured within sixty (60) days of Lessee's receipt of written notice thereof, provided, however, in the event that Lessee has diligently commenced to cure a material default within sixty (60) days of Lessee's actual receipt of notice thereof and reasonably requires additional time beyond the sixty (60) day cure period described herein to effect such cure, Lessee shall have such additional time as is necessary (beyond the sixty [60] day cure period) to effect the cure. References in this Amendment to "**Renewal Term**" shall refer, collectively, to the Existing Renewal Term(s) and the New Renewal Term(s). The Lessor hereby agrees to execute and return to Lessee an original Memorandum of Lease in the form and of the substance attached hereto as **Exhibit A** and by this reference made a part hereof (the "**Memorandum**") executed by Lessor, together with any applicable forms needed to record the Memorandum, which forms shall be supplied by Lessee to Lessor.

3. **Rent Due.** The Parties agree and acknowledge that the current rent payable from Lessee to Lessor under the Lease for the period of March 1, 2017 through February 28, 2022 is **\$1,540.00** per month (The "**Rent**"). However, starting with the payment due on May 1, 2018, the Rent shall be one dollar (\$1.00) per year.
4. **Lessor and Lessee Acknowledgments.** Except as modified herein, the Lease and all provisions contained therein remain in full force and effect and are hereby ratified and affirmed. The Parties hereby agree that no defaults exist under the Lease. To the extent Lessee needed consent and/or approval from Lessor, as owner of the property, but not as governmental regulator, for any of Lessee's activities at and uses of the site prior to the Effective Date, including subleasing to American Tower, Lessor's execution of this Amendment is and shall be considered consent to and approval of all such activities and uses and confirmation that no additional consideration is owed to Lessor for such activities and uses.
5. **Representations.** The Lessor and Lessee (the "**Parties**") hereby represent and warrants as follows Lessee: (i) Lessor warrants that it is a duly organized municipal corporation, validly existing; (ii) each Party warrants to the other that it has the full power and authority to enter into and perform its obligations under this Amendment, and, to the extent applicable, the person(s) executing this Amendment on behalf of the Parties, have the authority to enter into and deliver this Amendment on behalf of their respective Party; (iii) Lessee warrants that the recitals are accurate; (v) to the best of each of the Parties' knowledge, there are no agreements, liens, encumbrances, claims, claims of lien, proceedings, or other matters (whether filed or recorded in the applicable public records or not) related to, encumbering, asserted against, threatened against, and/or pending with respect to the Leased Premises or

any other portion of the Parent Parcel which do or could (now or any time in the future) adversely impact, limit, and/or impair either Party's rights under the Lease, as amended and modified by this Amendment. Lessee hereby represents and warrants to Lessor that, except for its sublease to American Tower, Lessee is not aware of, and to date has not caused or allowed, any person, firm or other entity to use, sublease, or otherwise occupy or use any portion of the Leased Premises. The representations and warranties of the Parties made in this Section shall survive the execution and delivery of this Amendment.

6. **Confidentiality.** Notwithstanding anything to the contrary contained in the Lease or in this Amendment, Lessor agrees and acknowledges that all the terms of this Amendment and the Lease and any information furnished to Lessor by Lessee or American Tower in connection therewith are subject to the requirements of the California Public Records Act (Government Code 6250 et seq.). The terms and provisions of this Section shall survive the execution and delivery of this Amendment.
7. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Lessor at: City of California City, Attn. City Clerk, 21000 Hacienda Blvd., California City, CA 93505 with a copy to Jones & Mayer, Attn: City Attorney of California City, 3777 N. Harbor Blvd. Fullerton, CA 92835; to Lessee at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801; and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the Parties, by thirty (30) days prior written notice to the others in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
8. **Counterparts.** This Amendment may be executed in several counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument, even though all Parties are not signatories to the original or the same counterpart. Furthermore, the Parties may execute and deliver this Amendment by electronic means such as .pdf or similar format. Each of the Parties agrees that the delivery of the Amendment by electronic means will have the same force and effect as delivery of original signatures and that each of the Parties may use such electronic signatures as evidence of the execution and delivery of the Amendment by all Parties to the same extent as an original signature.
9. **Governing Law.** Notwithstanding anything to the contrary contained in the Lease and in this Amendment, the Lease and this Amendment shall be governed by and construed in all respects in accordance with the laws of California.

10. **Waiver.** Notwithstanding anything to the contrary contained herein, in no event shall Lessor or Lessee be liable to the other for, and Lessor and Lessee hereby waive, to the fullest extent permitted under applicable law, the right to recover incidental, consequential (including, without limitation, lost profits, loss of use or loss of business opportunity), punitive, exemplary and similar damages.
11. **Lessee's Securitization Rights; Estoppel.** Lessor hereby consents to the granting by Lessee and/or American Tower of one or more leasehold mortgages, collateral assignments, liens, and/or other security interests (collectively, a "***Security Interest***") in Lessee's (or American Tower's) interest in this Lease, as amended, and all of Lessee's (or American Tower's) property and fixtures attached to and lying within the Leased Premises and further consents to the exercise by Lessee's (or American Tower's) mortgagee ("***Lessee's Mortgagee***") of its rights to exercise its remedies, including without limitation foreclosure, with respect to any such Security Interest. Lessor shall recognize the holder of any such Security Interest of which Lessor is given prior written notice (any such holder, a "***Holder***") as "Lessee" hereunder in the event a Holder succeeds to the interest of Lessee and/or American Tower hereunder by the exercise of such remedies. Lessor further agrees to execute a written estoppel certificate within thirty (30) days of written request of the same by Lessee, American Tower or Holder.
12. **Taxes.** The Parties hereby agree that Section 7 of the Lease is deleted in its entirety. During the term of the Lease, Lessor shall pay when due all real property, personal property, and other taxes, fees and assessments attributable to the Parent Parcel, including the Leased Premises. Lessee hereby agrees to reimburse Lessor for any personal property taxes Lessor pays in addition to any increase in real property taxes levied against the Parent Parcel, to the extent either is directly attributable to Lessee's improvements on the Leased Premises. Lessor shall submit requests for reimbursement in writing to: *American Tower Corporation, Attn: Lessor Relations, 10 Presidential Way, Woburn, MA 01801* unless otherwise directed by Lessee from time to time. Lessee shall make such reimbursement payment within forty-five (45) days of receipt of a written reimbursement request from Lessor. Lessee shall pay applicable personal property taxes directly to the taxing authority to the extent such taxes are billed and sent directly by the taxing authority to Lessee, or if Lessor forwards such request for payment to Lessee.
13. **Compliance with Laws.** At all times, Lessor and all parties using the Leased Premises shall comply with all applicable local, state and federal laws, including the requirement that the Lessor obtain any required business license, zoning related approvals, and applicable building permits. Failure of any sublessee to comply with all provisions of this agreement and of applicable law shall constitute a material breach of this agreement.
14. **No Warranty.** Lessor makes no warranty or representation whatsoever, whether express or implied, regarding the suitability of any Licensed Area for Lessor's use. Lessor has inspected Licensed Area and accepts the same "AS IS." Lessee agrees that neither the Lessor nor its agents have made, and the Lessor expressly disclaims, any representations or warranties whatsoever, whether express or implied, with respect to the physical, structural or

environmental condition of the Leased Premises, the present or future suitability of the premises for the permitted use, or any other matter related to this Agreement. Licensor is under no obligation to perform any work or provide any materials to prepare the Leased Premises for Lessee.

15. **Delinquent Payment.** Payments not received within ten (10) days of the due dates as specified above shall accrue interest at a rate of seven percent (7%) per annum from the due date. In addition, a late fee in the amount of ten percent (10%) of the amount due shall be imposed if a payment is not received within thirty (30) days of the due date. Notwithstanding the provisions of this subparagraph, failure to make payments pursuant to the terms provided herein shall constitute a material default of the terms of the Agreement. Lessee assumes all risk of loss and responsibility for delinquent payments.
16. **Relocation of Facilities.** Lessor may require Lessee to relocate any property on the Leased Premises. Lessee shall at Lessor's direction relocate such property at Lessor's sole cost and expense, whenever Lessor reasonably determines that the relocation is needed for any of the following purposes if required for the construction, completion, repair, relocation, or maintenance of a Lessor project. In any such case, Lessor shall provide Lessee a reasonably equivalent alternate location.
17. **Collocation.** Lessee may allow any other party or parties to collocate wireless telecommunications facilities on the Leased Premises. Lessor, in its capacity as owner of property, but not as governmental regulator, agrees that Lessee shall not need Lessor's permission for Lessee to allow wireless telecommunication activities or uses of the Leased Premises, including, without limitation, subleasing and licensing to additional customers, installing, modifying, repairing, or replacing improvements within the Leased Premises, and/or assigning all or any portion of Lessee's interest in this Lease, as modified by this Amendment, except to the extent otherwise required by the California City Municipal Code or other applicable law. Lessee shall be required to comply with all generally applicable laws and regulations, including any requirement to obtain zoning or building permits at Lessee's sole cost. Lessor agrees to make good faith efforts to process such requests expeditiously. If Lessee allows any third party to use the Leased Premises, Lessee shall pay Lessor the greater of: (i) 40% of the revenue charged by Lessee to such third party, or (ii) \$1,000 per month, which amount shall be adjusted each March 1 based upon the changes in the Consumer Price Index, All Users (CPI-U, base year 1982-1984=100), or any successor index for the Los Angeles Area, comparing the changes in the index between January 2018 and the January of the year when the adjustment should occur.
18. **No Unreasonable Interference.** Lessee may not cause or allow more than *de minimis* radio frequency interference with Lessor's (or a related party's) current or future public safety related communications, and if Lessee does, Lessee shall immediately prevent such interference upon notice from Lessee. To the extent that Lessee causes or allows more than immaterial radio frequency interference with any other communications, Lessee shall promptly work in good faith with the other parties to promptly resolve such radio frequency

interference in a reasonable manner. At all times, all uses of the Leased Premises must comply with all requirements of the Federal Communications Commission ("FCC"), and Lessor shall be responsible for any violation of this or other provisions of this agreement caused or allowed by its sublessees or any other party directly or indirectly authorized by Lessee to in any way use the Leased Premises.

19. **Insurance.** Section 10 of the Lease (entitled "Insurance") is deleted, and replaced by the following:

- a. **Required Insurance.** Without limiting Lessee's obligations to Lessor, Lessee shall provide and maintain, at its own expense, at all times this Agreement is in effect, insurance covering its operations hereunder that meet all of the following requirements.
 - i. **Subcontractors.** Lessee shall require each beneficiary of this agreement (including any sublessee, etc.) to maintain insurance coverage that meets all of the requirements of this Agreement.
 - ii. **Quality of Insurance.** The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.
 - iii. **Endorsements.** The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming the Owner and its officers, employees, agents and volunteers as additional insureds.
 - iv. **No Cancellation.** All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on 10 days' prior written notice to Lessor.
 - v. **No Exculpatory Language.** Lessee agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.
 - vi. **Insurance is Primary.** The insurance provided by Lessee shall be primary to any coverage available to Lessor. Any insurance or self-insurance maintained by Lessor and/or its officers, employees, agents or volunteers, shall be in excess of Lessee's insurance and shall not contribute with it.
 - vii. **Subrogation.** All insurance coverage provided pursuant to this Agreement shall not prohibit Lessee, and Lessee's employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Lessee hereby waives all rights of subrogation against the Lessor.
 - viii. **Deductibles.** Any deductibles or self-insured retentions must be declared to and approved by the Lessor. At the option of Owner, Lessee shall either reduce or eliminate the deductibles or self-insured retentions with respect to Lessor, or Lessee shall procure a bond in the amount of the deductible or self-insured retention to guarantee payment of losses and expenses.

- ix. Not a limitation. Procurement of insurance by Lessee shall not be construed as a limitation of Lessee's liability or as full performance of Lessee's duties to indemnify, hold harmless and defend as required by this Agreement.
- x. Material Breach. Failure on the part of Lessee to procure or maintain the required program(s) of insurance shall constitute a material breach of contract upon which Lessor may terminate this Agreement, if Lessor gives notice of said breach, and Lessee fails to cure said breach within 30 days.
- xi. Insurance Prior to Use. Use of the property shall be suspended during any period that Lessee fails to maintain said insurance policies in full force and effect.
- xii. Certificates of Insurance. At all times during the term of this Agreement, Lessee shall maintain on file with Lessor's Risk Manager a certificate or certificates of insurance showing that the required policies are in effect in the required amounts and naming the Lessor and its officers, employees, agents and volunteers as additional insureds. Lessee shall, prior to commencement of work under this Agreement, file with Lessor's Risk Manager such certificate(s).
- xiii. Evidence of Renewal. Lessee shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages and are only sufficient if they are found to be acceptable by the Lessor's Risk Manager. Such evidence shall specifically identify this Agreement and shall contain express conditions that Owner is to be given written notice at least thirty (30) days in advance of any modification or termination of any provisions of insurance and shall name the Owner as an additional insured (except for the Workers' Compensation Insurance).
- xiv. Notification of Incidents. Lessee shall report to Lessor any accident or incident relating to activities performed under this Agreement which involves injury or property damage which might reasonably be thought to result in the filing of a claim or lawsuit against Lessee. Such report shall be made in writing within seventy-two (72) hours of Lessee's knowledge of such occurrence. Such reporting is in addition to reporting that Lessee would make to OSHA or any other applicable regulatory authority.
- xv. Reports of Claims. Lessee shall report to the Lessor, in addition to the Lessee's insurer, any and all insurance claims submitted to Lessee's insurer in connection with this Agreement.
- b. Amount of Insurance.
 - i. Types of Insurance. Lessee shall provide the following types of insurance in the following amounts.
 - 1. General Liability. A program of insurance written on ISO policy form CG 00 01 or its equivalent, endorsed for Site-operations, products/completed operations, contractual, broad form property damage, and personal injury with a limit of not less than
 - a. General Aggregate: \$2 million
 - b. Personal Injury: \$1 million

- c. Per occurrence: \$1 million
- 2. Automobile Liability insurance (written on ISO form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident, and providing coverage for all "owned," "hired" and "non-owned" vehicles, or coverage for "any auto," used in Lessee's business operations.
- 3. Workers Compensation. A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the labor code of the State of California, and which specifically covers all persons providing services on behalf of Lessee and all risks to such persons under the Agreement.
 - a. Each Accident: \$1 million
- 4. Commercial Property Insurance. Such coverage shall:
 - a. Provide coverage for all property Lessee is authorized to use or allow to be used pursuant to this Agreement.
 - b. Be written for the full replacement cost of the property, with a deductible no greater than \$250,000 or 5% of the property value whichever is less. Insurance proceeds shall be payable to the Lessor and Lessee as their interests may appear. Such proceeds shall be first to restore the property to a manner usable by Lessor, and thereafter, to the extent such funds are available, may be used by Lessee to repair and restoration of the Leased Premises to a manner usable by Lessee. Failure to use such insurance proceeds to timely repair and restore the Leased Premises shall constitute a material breach of the Agreement.

[SIGNATURES ON NEXT PAGE]

LESSOR:

The City of California City

Signature: _____

Print _____

Name: _____

Title: _____

Date: _____

LESSEE:

Fresno MSA Limited Partnership d/b/a Verizon Wireless

By: ATC Sequoia LLC, a Delaware limited liability company

Title: _____

Attorney-in-Fact

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A

FORM OF MEMORANDUM OF LEASE

Prepared by and Return to:

American Tower
10 Presidential Way
Woburn, MA 01801

Attn: Land Management/Ryan Oatis, Esq.
ATC Site No: 419916
ATC Site Name: Downtown California City CA
Assessor's Parcel No(s): 208-080-36

Prior Recorded Lease

Reference:

Document No: 0213046621
State of California
County of Kern

MEMORANDUM OF LEASE

This Memorandum of Lease (the "**Memorandum**") is entered into on the _____ day of _____, 201____ by and between The City of California City ("**Lessor**") and Fresno MSA Limited Partnership d/b/a Verizon Wireless ("**Lessee**").

NOTICE is hereby given of the Lease (as defined and described below) for the purpose of recording and giving notice of the existence of said Lease. To the extent that notice of such Lease has previously been recorded, then this Memorandum shall constitute an amendment of any such prior recorded notice(s).

1. **Parent Parcel and Lease.** Lessor is the owner of certain real property being described in **Exhibit A** attached hereto and by this reference made a part hereof (the "**Parent Parcel**"). Lessor and Lessee entered into that certain Option to Lease Real Property dated November 9, 2011 (the "**Lease**"), pursuant to which the Lessee leases a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Lease (such portion of the Parent Parcel so leased along with such portion of the Parent Parcel so affected, collectively, the "**Leased Premises**"), which Leased Premises is also described on **Exhibit A**.
2. **American Tower.** Lessee warrants that Lessee, Verizon Communications Inc., a Delaware corporation, and other parties identified therein, entered into a Management Agreement and a Master Prepaid Lease, both with an effective date of March 27, 2015 and both with ATC Sequoia LLC, a Delaware limited liability company ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Leased Premises, all as more particularly described therein.
3. **Expiration Date.** Subject to the terms, provisions, and conditions of the Lease, and assuming the exercise by Lessee of all renewal options contained in the Lease, the final expiration date of the Lease would be February 28, 2067. Notwithstanding the foregoing, in no event shall Lessee be required to exercise any option to renew the term of the Lease.
4. **Leased Premises Description.** Lessee shall have the right, exercisable by Lessee at any time during the original or renewal terms of the Lease, to cause an as-built survey of the Leased

ATC Site No: 419916
VZW Site No: 249641
Site Name: Downtown California City CA

Premises to be prepared for structures lawfully constructed and, thereafter, to replace, in whole or in part, the description(s) of the Leased Premises set forth on **Exhibit A** with a legal description or legal descriptions based upon such as-built survey. Upon Lessee's request, Lessor shall execute and deliver any documents reasonably necessary to effectuate such replacement, including, without limitation, amendments to this Memorandum and to the Lease.

5. **Effect/Miscellaneous.** This Memorandum is not a complete summary of the terms, provisions and conditions contained in the Lease. In the event of a conflict between this Memorandum and the Lease, the Lease shall control. Lessor hereby grants the right to Lessee to complete and execute on behalf of Lessor any government or transfer tax forms necessary for the recording of this Memorandum. This right shall terminate upon recording of this Memorandum. Lessee shall pay all costs of recording, and all related costs.
6. **Notices.** All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to Lessor at: City of California City, Attn. City Clerk, 21000 Hacienda Blvd., California City, CA 93505 with a copy to: Jones & Mayer, Attn: City Attorney of California City, 3777 N. Harbor Blvd. Fullerton, CA 92835; to Lessee at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801, and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the parties hereto, by thirty (30) days prior written notice to the other in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
7. **Counterparts.** This Memorandum may be executed in multiple counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
8. **Governing Law.** This Memorandum shall be governed by and construed in all respects in accordance with the laws of California.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Lessor and Lessee have each executed this Memorandum as of the day and year set forth below.

LESSOR

ATTEST

The City of California City

Signature:

Signature:

Print Name:

Print Name:

Title:

Signature:

Date:

Print Name:

ALL CAPACITY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State _____ of _____ California

County of _____

On _____, before me, _____,
personally

(print name of notary)

appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of officer
[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

LESSEE

WITNESS

**Fresno MSA Limited Partnership d/b/a
Verizon Wireless**

By: ATC Sequoia LLC,
a Delaware limited liability company
Title: Attorney-in-Fact

Signature: _____

Print Name: _____

Signature: _____

Print _____

Name: Signature: _____

Title: _____

Print Name: _____

Date: _____

WITNESS AND ACKNOWLEDGEMENT

Commonwealth of Massachusetts
County of Middlesex

On this ____ day of _____, 201____, before me,

the undersigned Notary Public, personally appeared

_____, who proved to me on the basis of
satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s)
or the entity upon which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

Print Name: _____

My commission expires: _____

[SEAL]

CITY COUNCIL

April 24, 2018

TO: Mayor and City Council

FROM: Robert Stockwell, City Manager

SUBJECT: Addressing the Impact of Loss of Parcel Tax

BACKGROUND: California City has relied upon the Parcel Tax to fund at least 66% of what would accurately be described as the General Fund for decades. The parcel tax has been identified in the minds of the citizens as a sort of Public Safety Tax and more formally, recent City Councils have segregated the proceeds of the Parcel Tax to fund the majority of the cost of the Police and Fire departments. The current voter approved Parcel Tax expires June 30, 2018 and two attempts to gain voter approval for an extension have failed.

While there is discussion amongst various groups to start a petition drive to place a voter-initiated Measure to authorize a Parcel Tax on the November 2018 Ballot, we must face the reality of implementing the financial impact of the loss of the parcel tax. If some form of the parcel tax is renewed the soonest we would see any revenue would be December 2019. While it is possible to issue Tax Anticipation Notes (Bonds) when a city has a significant lag from the time expenses must be paid and tax proceeds are in hand, such notes cannot be issued until the tax is actually levied. Should a voter initiative be approved at the November 2018 election the City, through Kern County cannot levy the tax until August 2019. Thus, the soonest any revenue from a reinstated parcel tax would be August - September 2019.

Currently (FY-18) the total budgets for the General Fund and the parcel tax portion of the Police and Fire departments are as follows:

Fiscal Year 2017-2018				
General Fund	Police Dept.	Fire Dept.	Total	
\$ 4,407,550.00	\$ 3,889,637.00	\$ 3,045,637.00	\$ 11,342,824.00	
40.50%	33.40%	26.10%	100%	

Using the 2017-2018 General Fund budget as a base to begin developing a rough impact of the loss of the parcel the projected revenue for the 2018-2019 Budget would be \$4,500,000.00. Projected cash reserves within the General Fund are approximately \$2,167,547.00. In the recently adopted strategic reserves policy of the City Council the General Fund reserve should be 15-20%. Applying the 15% level to the projected \$4,500,000.00 the reserve would be \$675,000.00. This would leave a balance of \$1,492,547.00 in the current estimated fund balance that could be allocated during the fiscal year to maintain some level of continued service within the General Fund (which will now include the Police and Fire Department budgets). Adding this \$1,225,000.00 to the projected \$4,500,000.00 2018-2019 estimated revenue as noted above there would be a total of \$5,992,547.00 available to fund operations for the fiscal year.

Applying these estimates to the 2018-2019 General Fund estimated revenue budget and allocating the same relative percentages of the current General Fund and Police and Fire Special Tax funds the following table illustrates how what could be available to fund the noted portions of the General Fund:

Fiscal Year 2018-2019				
	Non-Safety Gen Fund	Police Dept.	Fire Dept.	Total
\$	2,426,983.00	\$ 2,001,513.00	\$ 1,564,051.00	\$ 5,992,547.00
	40.50%	33.40%	26.10%	100%

The 2017-2018 (FY-18) Budgets for these departments and the impact of the funds available in 2018-2019(FY-19) are illustrated below:

Comparison of 2017-2018 (FY-18) and 2018-2019 (FY-19) Estimated Budgets					
	Non-Safety Gen Fund	Police Dept.	Fire Dept.	Total	
FY-18	\$ 4,407,550.00	\$ 3,889,637.00	\$ 3,045,637.00	\$11,342,824.00	
FY-19	\$ 2,426,983.00	\$ 2,001,513.00	\$ 1,564,051.00	\$ 5,992,547.00	
DIFF (CUT)	\$ 1,980,567.00	\$ 1,881,124.00	\$ 1,481,586.00	\$ 5,343,277.00	

These tables are a rough estimation of the actual expenses and revenues through the end of June 2018. They do not include the detailed analysis that will accompany the 2018-2019 Budget proposal to be presented to the Council in May. As will no doubt be pointed out by others, the actual collection of revenues from both the General Fund sources and the Special Tax Funds will no doubt be different from these estimates. We still receive Parcel Tax payments from prior year delinquencies (All of which has been accurately allocated to the Parcel Tax funds each year).

The purpose of these tables is to focus on the impact of the loss of the Parcel Tax on the entirety of the city's General Fund as it will be detailed in the coming budget. The unknowns at this point include the actual cost of the required lay-offs with the attendant liquidation of accrued leave balances and the potential for unfunded unemployment claims. Any additional funds or deficits that result from final calculations at year end would have the effect of being one-time sources and would not translate to recurring revenue for funding ongoing personnel and operating budgets.

OVERESTIMATING EXPENSES AND UNDERESTIMATING REVENUES. To put into perspective the repeated criticism that the City has chronically overestimated expenses and underestimated revenues as it relates to the available cash in the General Fund reserve, it is critical to recognize that the annual process of preparing the city's financial statements for the annual audit resolves and over or under estimating. The only real measure of the city's ability to fund current expenses is to go to the balance sheet. Looking at the fund balance of any given fund reveals that fund's assets. Those assets may include receivables as well as cash. The annual financial statements gather all of the funds collected and expenses made and compares them to the budgets adopted by the City Council. If as, some have alleged, the city has used the tactic of over and under estimating to conceal actual cash or hide

unauthorized expenditures, the reconciliation of the city's bank accounts and investments would reveal either a serious deficit or unaccounted for cash. Neither of these has ever been found and our most recent audit clearly demonstrates the actual cash held by the city in all of its funds. The attached Cash Reconciliation for 3/31/2018 clearly show how the city's current cash of \$11,907,555.05 is allocated to each of the funds of the city. This explanation is included to clear away any questions about how much cash is available to allocate to the General Fund beginning in July 2018.

IMPACT OF MERGING POLICE AND FIRE BUDGETS WITH THE GENERAL FUND. As noted above the financial impact of the loss of the parcel tax is devastating. Translating the dollars into what cuts will need to be made in the various budgets will be a painstaking process that will evolve during the preparation of the 2018-2019 budget, so the following descriptions of the most notable cuts are to focus on the impact of the number of positions that must be cut and operations that will either be severely cut back or eliminated. Our effort here is to identify the err on the side of potentially adjusting cuts down after our detailed budgets are presented for final adoption rather than risking additional cuts.

POLICE DEPARTMENT. The Police Department budget would be reduced from the current \$3,889,637.00 to \$2,001,513.00. This would result in the following cuts:

Sworn Officers –	Current authorized 16	Eliminate 12	Total Remaining 4
Civilian CSO's –	Current Authorized 3	Eliminate 3	Total Remaining 0
Admin Asst. -	Current Authorized 1	Eliminate 1	Total Remaining 0
Dispatch Operation Unchanged			
Records -	1 Fulltime Clerk Lobby hours cut to minimum		
Part-Time Reserve –	Current Authorized 5	Eliminate 0	Total Remaining 5
Animal Shelter Closed (Animals would be taken to Mojave)			

Spin OHV program off to a Non-Profit Organization and terminate any City involvement.

The details of all operating cost will be determined based upon reduced personnel and active equipment.

FIRE DEPARTMENT. The Fire Department budget would be decreased from \$3,045,637.00 to \$1,564,051.00. This would result in the following cuts

Fire Chief -1		Retain-	1
Fire Marshall – 1	Eliminate – 1	Retain-	0
Admin Asst. – 1	Eliminate – 1	Retain-	0
Fire Capt. – 3	Eliminate- 0	Retain -	3
Fire Eng.- 3	Eliminate - 0	Retain -	3
Firefighters – 6	Eliminate - 6	Retain-	0
Code Enf. - 2	Eliminate - 2	Retain-	0

The details of all operating cost will be determined based upon reduced personnel and active equipment.

NON-SAFETY GENERAL FUND. These budgets will decrease from \$4,407,550.00 to \$2,426,983.00. This will result in the following cuts:

City Hall Operations – City Hall working hours will be limited to 8 AM to 6 PM four days per week. Public access to City Hall will be eliminated on Wednesdays and Fridays.

City Administration- Eliminate the HR Director. Retain City Manager, Assistant to CM and Payroll Clerk, all HR functions will be managed by this group.

Finance- Eliminate Budget Analyst, and Account Clerk. Retain Finance Director, Accountant and Account Clerk.

City Clerk – City Council meetings will be reduced to one scheduled meeting per month and public access to the city records will be limited to 3 days per week.

Parks and Recreation – Eliminate all programs close all facilities. Lakes and turf areas will only be maintained as a means for disposal of sewer effluent water. Senior Center will be retained based upon availability of volunteer support continuing.

Airport – Eliminate Airport Manager, and Maintenance Worker. Maintenance at a severely reduced level will be assigned to facilities division. Public Works Director will carry Airport Manager title and responsibility.

Golf Course – Turf areas will be maintained only for disposal of sewer plant effluent. No culinary water provided to golf course areas or maintenance of culinary water systems.

Streets – Streets and signals will be maintained only to the extent state funding is available. Emphasis will be on main roads and arterials with little if any maintenance in exclusively residential areas.

Planning and Zoning and Code Enforcement – These functions are primarily supported by direct fees for service and it is critical that we maintain the ability to properly manage the processes of bringing new businesses into full operation on a timely basis. The only realistic way to enhance our core revenue needs is to expand the tax base of commercial, manufacturing and residential. For these reasons we will be looking to increase staffing or contract services to be responsive to responsible development.

The details of how the various remaining minimum maintenance services will be provided will be worked out in the budget process.

Staff is continuing to work out the details of the individual impacts on the affected operations and refining the revenue and expenditure numbers in preparation for the budget process beginning in May.

The above listed actions deal with the expenditure side of the finances of the city's General Fund. These will likely result in pushing some responsibilities to the enterprise funds, but it would be pure speculation to estimate the impact at this time.

REVENUE. Given the limited ability of the city to increase any tax sources and some fees without voter approval we are severely limited in our ability to replace the lost parcel tax revenue. As part of the budget process staff will be recommending that all current fees that are under the control of the City Council be re-examined for possible increases with the goal of increasing recurring revenue to the General Fund.

It is also critical that the Council reconsider the existing Medical Marijuana Business ordinances. To accomplish two things. First eliminate the restriction on the cultivation, manufacturing, and distribution of Cannabis products to allow the local industry to market their products to the entire Cannabis industry. Second authorize the permitting of four Cannabis retailers in the M-1, M-2 zones to anchor our local production of Cannabis and to obtain needed tax revenue as soon as possible.

RECOMMENDATION:

1. Authorize the City Manager to begin the process of formally notifying all affected employees of the elimination of their position to allow them as much time as possible to obtain other employment before June 30, 2018.
2. Direct the City Attorney to draft the required amendments to current ordinances to eliminate the restriction of Medical Marijuana and to authorize the issuance of four retail cannabis operations.

FISCAL AND ENVIRONMENTAL IMPACT:

The financial impacts are devastating but unavoidable.

Schedule of Due to General Fund as of March 31, 2018		
Fund	Description	Bal
14	Field 3 Balsitis Park	4,592.85
16	Field OHV Grants	814,620.65
19	Fire Services	1,023,001.27
20	COPS Recovery	122,671.75
22	Measure C	1,651.66
23	Measure L	2,224.22
24	Measure A (Old)	12,423.17
53/93	Airport Operating	913,080.30
54	Dial A Ride	119,098.29
55	Public Works Admin	2,531.15
72	SDI Allocation	30,859.81
73	Successor Agency	113,110.93
74	Housing Corp Allocation	190,879.12
97	Gen Fund CIP	496,516.57
	Total Due from Other Funds	3,847,261.74
Due To General Fund by GL Account		
10-01285	Due from Fire Services Fund	1,023,001.27
10-01287	Due From Other Funds	2,824,260.47
	Total Due from Other Funds	3,847,261.74
Reconciliation of General Fund Cash @ 3/31/18		
	General Fund Cash (unadj)	6,001,818.41
	(Less) Due from Other Funds	(3,847,261.74)
	General Fund Cash @ 3/31/18	2,154,556.67

**City of California City
Cash Reconciliation 3-31-18**

Acct	Cash & Investments by Fund		Net Fund Cash Balances	Plus: YTD Interest Earnings	Adj Net Fund Cash Balances	Cash & Investments by Fund
10	1010 Cash - General	2,154,556.68	2,154,556.68	12,990.42	2,167,547.10	Cash - General Fund
97	1010 Cash - General Fund Capital Projects	-	-	-	-	Cash - Field 3 Baseballs Park
14	1010 Cash - Field 3 Baseballs Park	-	-	99.39	16,583.55	Cash - Park & Rec Donations
15	1010 Cash - Park & Rec Donations	16,484.16	16,484.16	-	-	Cash - OHV Grants
16	1010 Cash - OHV Grants	-	-	2.31	385.21	Cash - OHV Ems Grant
17	1010 Cash - OHV Ems Grant	382.90	382.90	-	-	Cash - Police Services
18	1010 Cash - Police Services	224,435.58	224,435.58	-	-	Cash - Fire
19	1010 Cash - Fire Services	-	-	-	-	Cash - COPS Recovery
98	1010 Cash - Fire Capital Projects Fund	-	-	-	-	Cash - Measure C
20	1010 Cash - COPS Recovery	-	-	-	-	Cash - Measure A (Old)
22	1010 Cash - Measure C	-	-	-	-	Cash - Measure L
23	1010 Cash - Measure L	-	-	-	-	Cash - Supplemental Law (COPS)
24	1010 Cash - Measure A (Old)	-	-	-	-	Cash - Public Safety Aug
25	1010 Cash - Supplemental Law (COPS)	130,817.69	130,817.69	788.74	131,606.43	Cash - Streets
26	1010 Cash - Public Safety Aug	191,075.40	191,075.40	1,162.05	192,227.45	Cash - AB 109
27	1010 Cash - Streets	1,616,847.80	-	-	-	Cash - OHV Permit Program
94	1010 Cash - Street Capital Projects Fund	(809,890.35)	806,957.45	4,865.37	811,822.82	Cash - Payroll
28	1010 Cash - AB 109	86,976.85	86,976.85	524.41	87,501.26	Cash - Water
29	1010 Cash - OHV Permit Program	185,843.67	185,843.67	1,120.50	186,964.17	Cash - Sewer
30	1010 Cash Police Forfeiture	12,006.38	12,006.38	72.39	12,078.77	Cash - Airport
34	1010 Cash - Payroll	57.84	57.84	0.35	58.19	Cash - Dial-A-Ride
51	1010 Cash - Water	(2,491,711.98)	-	-	-	Cash - Pwv Administration
95	1010 Cash - Water Capital Projects Fund	9,210,686.77	6,718,974.79	40,510.56	6,759,485.35	Cash - AMMDA
52	1010 Cash - Sewer	1,178,874.17	-	-	-	Cash - Successor Agency
92	1010 Cash - Wastewater Cap. Proj Fund	(10,812.50)	1,168,061.67	7,042.57	1,175,104.24	Total City Allocated Cash
53	1010 Cash - Airport	(292,726.50)	-	-	-	
93	1010 Cash - Airport Capital Projects Fund	292,726.50	-	-	-	
54	1010 Cash - Dial-A-Ride	-	-	-	-	
55	1010 Cash - Pwv Administration	-	-	-	-	
71	1010 Cash - AMMDA	139,560.31	139,560.31	841.45	140,401.76	
73	1010 Cash - Successor Agency	-	-	-	-	
		11,836,191.37	Total Allocated Cash	71,363.68	11,907,555.05	
	Cash & Investments by Bank Acct/Investment Pool	Unadjusted Bal's	Plus: YTD Interest	Adjusted Balance		
1	1012 Checking - Bank of the Sierra (Reconciled Balance)	662,194.13		662,194.13		
1	1017 Local Agency Investment Fund	7,235,432.15	31,433.56	7,266,865.71		
1	1018 Kern County Investment Pool	4,062,906.67	39,830.12	4,102,836.79		
1	1075 Utilities Cash Cleaning	(124,341.58)		(124,341.58)		
		11,836,191.37	71,363.68	11,907,555.05	Total City Allocated Cash Accounts	

